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VOLUME V.

Exhibit 49

3160

EXCERPTS FROM MINUTES RELATING TO ORGANIZATION OF EBASCO

This certifies that the following is a true and complete excerpt from the minutes of a meeting of the Board of Directors of Electric Bond and Share Company held at New York, N. Y. on November 13, 1935, at which a majority of such Directors was present and voting throughout:

> "VOTED that this Company assign to the new company all service contracts and other arrangements of a similar nature with public
3161 utility operating companies and all other contracts or arrangements held by this Company useful in, or relating to, the performance of this Company's obligations under such service contracts and other similar arrangements, in consideration of the assumption by the new company of the obligations of this Company thereunder."

Witness my hand and the seal of said Company at New York, N. Y., this February 13, 1936.

3162

E. P. Summerson
Secretary.

This certifies that the following is a true and complete excerpt from the minutes of a meeting of the Board of Directors of EBASCO SERVICES INCORPORATED held at New York, N. Y. on November 23, 1935, at which a majority of such Directors was present and voting throughout:

Exhibit 49

"The Chairman then presented and read to the meeting a proposed agreement between this Corporation and Electric Bond and Share Company with respect to the assignment to this Corporation of certain service contracts, which agreement had been executed by Electric Bond and Share Company. On motion, duly seconded, said proposed agreement was ordered spread in full upon the minutes of the meeting and the lists attached thereto were ordered to be marked for identification and filed with the records of the Corporation. The following is a true copy of said proposed agreement. 3163 3164

November 23, 1935

Ebasco Services Incorporated,
2 Rector Street,
New York, N. Y.

Dear Sirs:

We hand you herewith (1) a list of the public utility operating companies with whom we have service contracts substantially in the form attached to said list, said contracts being hereinafter referred to as the "Service Contracts"; (2) a list of agreements (hereinafter referred to as the "Purchase Contracts") with various corporations with respect to the sale of certain commodities, discount arrangements, and instalation and repair work to or for our associated client companies, said client companies being generally the operating public utility companies 3165

with which we have Service Contracts, and
3166 (3) a list of certain miscellaneous contracts useful in connection with the performance of our obligations under the Service Contracts.

This will confirm our oral understanding that we will, and do hereby, assign to you as of the beginning of business on November 25, 1935, all the Service Contracts, all other contracts or arrangements with public utility operating companies of a similar nature to the Service Contracts, all the Purchase Contracts, and all the miscellaneous contracts referred to in sub-division (3) above,
3167 and all other contracts or arrangements held by us useful in, or relating to, the performance of our obligations under the Service Contracts or other similar contracts or arrangements, including, without being limited to, all other contracts or arrangements of the character referred to in subdivisions (2) and (3) above, and that you will, and do hereby assume from and after the beginning of business on November 25, 1935 all our obligations under all of the foregoing contracts and/or arrangements.

3168 If the foregoing correctly sets forth our understanding, please so indicate in the space provided below and constitute this a written agreement between us.

ELECTRIC BOND AND SHARE COMPANY

(Signed) by Frank A. Reid
Vice-President.

Exhibit 49

The foregoing correctly sets forth our understanding. 3169
November , 1935.

EBASCO SERVICES INCORPORATED

By
Vice-President.

After a full discussion of the proposed agreement with Electric Bond and Share Company, it was

On motion, duly seconded, unanimously

RESOLVED that the proposed agreement with Electric Bond and Share Company, in the form presented to this meeting, be and it hereby is approved and the officers of this Corporation be and they hereby are authorized and directed to execute and deliver an agreement with Electric Bond and Share Company substantially in the form presented to this meeting; and further 3170

RESOLVED that the officers of this Corporation be and they hereby are authorized and directed to do such other acts and execute such further instruments as may, in their judgment, be deemed necessary or advisable in order to carry out the obligation of this Corporation under said agreement, and in this connection to employ such of the personnel formerly used by Electric Bond and Share Company in carrying out its obligations under the service contracts as may be necessary or desirable in carrying out the obligations of this Corporation under the service contracts." 3171

Witness my hand and the seal of said Corporation at New York, N. Y., this February 13, 1936.

E. P. Summerson
Secretary.

Exhibit 50

BOND AND SHARE LETTER ADVISING OF ORGANIZATION OF EBASCO

3172

ELECTRIC BOND AND SHARE COMPANY
TWO RECTOR STREET

NEW YORK

S. R. INCH
President

November 23, 1935

Mr. G. C. Estill,
President and General Manager,
3173 Florida Power & Light Company,
Miami, Florida.

Dear Sir:

In accordance with the recent conversation with you, EBASCO SERVICES INCORPORATED has been organized under the laws of the State of New York to perform the services which Electric Bond and Share Company has heretofore furnished to operating utility companies in this country and abroad, and the service contracts between Electric
3174 Bond and Share Company and these operating companies, including your Company, have been assigned to EBASCO SERVICES INCORPORATED, effective as of the beginning of business on November 25, 1935. As you know, the personnel of EBASCO SERVICES INCORPORATED will be practically identical with the service personnel heretofore maintained by Electric Bond and Share Company and your Company is to receive from EBASCO SERVICES INCORPORATED the

same services as in the past and under the same contract. 3175

EBASCO SERVICES INCORPORATED has an authorized capital of $2,600,000, divided into 26,000 shares of the par value of $100 each. All of said shares have been paid for in full by, and issued to, Electric Bond and Share Company, and EBASCO SERVICES INCORPORATED is and will continue to be a 100% owned subsidiary of Electric Bond and Share Company. Mr. C. E. Groesbeck will be Chairman of the Board of Directors of EBASCO SERVICES INCORPORATED, and I am to be President. Mr. W. H. Burke will be 3176 Vice-President in charge of services to be rendered to operating companies in this country and Mr. W. S. Robertson will be Vice-President in charge of services to be rendered to operating companies abroad.

EBASCO SERVICES INCORPORATED is in process of being qualified to do business in states where the various operating companies, including your company, do business, and in connection therewith agents are being designated upon whom service of process may be made so as to make EBASCO SERVICES INCORPORATED clearly and 3177 definitely subject to the jurisdiction of such states and so as to facilitate cooperation in any inquiries into relations between it and the operating companies.

For your convenience a duplicate original is enclosed herewith on which we should appreciate your acknowledging receipt of this letter so as to complete the record of the fact that this arrangement is being made in accordance with the understanding between us.

Exhibit 50

Very truly yours,

3178

(Signed) S. R. INCH,
President.

Receipt of the original letter,
of which this is a copy, is
hereby acknowledged.

(Signed) G. C. ESTILL,
President and General Manager,
FLORIDA POWER & LIGHT COMPANY

3179

3180

Exhibit 51

BOARD OF DIRECTORS AND OFFICERS OF EBASCO
POSITIONS HELD BY THEM IN BOND AND SHARE SYSTEM
JANUARY 1, 1936 AND 1935 *

3181

Directors

Present Board of Directors of Ebasco	*Positions held January 1, 1936*	*Positions held January 1, 1935.*
Burke, W. H.	D-VP, Ebasco.	Adm. Asst. to Operating Ex., Bond and Share.
Cheever, Markham	D, Ebasco. 5 D/O	VP, Amer. & Foreign Pr. Co. 12 D/O
Dickerson, H. L.	D, Ebasco.	Operating Sponsor, Bond and Share. 9 D/O
Groesbeck, C. E.	D-Ch. Bd., Ebasco. D-Ch. Bd., Bond and Share.	D-Ch. Bd.-Ex. Com., Bond and Share. D-Ch. Bd., American Company. D-Ch. Bd., Electric Company. D-Ch. Bd., National Company. D-Ch. Bd., Amer. & Foreign Pr. Co. 20 D/O
Harrsen, H. P.	D, Ebasco. 14 D/O	VP, Amer. & Foreign Pr. Co. 18 D/O

3182

3183

* Explanation of symbols appears on last page of this exhibit.

Exhibit 51

Directors

	Present Board of Directors of Ebasco	*Positions held January 1, 1936*	*Positions held January 1, 1935.*
3184	Inch, S. R.	D-P, Ebasco. D-P, Bond and Share..	D-P-Ex. Com., Bond and Share. D-P, American Company. D-P, Electric Company. D-P, National Company. VP, D-Ch. Bd. & Foreign Pr. Co. 15 D/O
3185	Putnam, W. R.	D, Ebasco.	Operating Sponsor, Bond and Share. 3 D/O
	Robertson, W. S.	D-VP, Ebasco. 2 D/O	Operating Sponsor, Bond and Share. D-VP, Amer. & Foreign Pr. Co. 37 D/O
3186	Silliman, Frank, Jr.	D, Ebasco.	VP, Bond and Share. VP, American Company. 10 D/O

Exhibit 51

Present Officers of Ebasco	*Positions held January 1, 1936*	*Positions held January 1, 1935.*	3187
Burke, W. H.	D-VP—Ebasco.	Adm. Asst. to Operating Ex., Bond and Share	
Groesbeck, C. E.	D-Ch. Bd.—Ebasco. D-Ch. Bd.—Bond and Share.	D-Ch. Bd.-Ex. Com—Bond and Share. D-Ch. Bd.—American Company. D-Ch. Bd.—Electric Company. D-Ch. Bd.—National Company. D-Ch. Bd.—Amer. & F. Power. 20 D/O	3188
Hickman, G. J.	AT—Ebasco.	AT—Bond and Share. AT—American Company. AT—Electric Company. AT—National Company. AT—Amer. & F. Power. 6 D/O	
Inch, S. R.	D-P—Ebasco. D-P—Bond and Share.	D-P. Ex. Com.—Bond and Share. D-P—American Company. D-P.—Electric Company. D-P.—National Company. D-Ch. Bd.—Am. & F. Power. 15 D/O	3189
Lang, W. C.	Compt.—Ebasco. Compt.—Bond and Share.	Compt.—Bond and Share. Compt.—American Company. Compt.—Electric Company. Compt.—National Company Compt.—Amer. & F. Power. 11 D/O	

Exhibit 51

Officers

3190

Present Officers of Ebasco	*Positions held January 1, 1936*	*Positions held January 1, 1935.*
Martin, H. L.	AS—Ebasco.	Chief-Secretarial Dept.-Operating Div.—Bond and Share. 49 D/O
Ray, A. C.	T—Ebasco. T—Bond and Share.	T—Bond and Share. T—American Company. T—Electric Company. T—National Company. T—Amer. & F. Power. 10 D/O
Robertson, W. S.	D-VP—Ebasco. 2 D/O	Operating Sponsor—Bond and Share. D-VP.—Amer. & F. Power. 37 D/O
Summerson, E. P.	S—Ebasco. D-S—Bond and Share.	D-S—Bond and Share. S—American Company. S—Electric Company. D-S—National Company. S—Amer. & F. Power. 13 D/O

3191

3192

AS.....Assistant Secretary
AT.....Assistant Treasurer
Compt.....Comptroller
D.....Director
Ch. Bd.....Chairman of the Board of Directors
Ex. Com.....Executive Committee
P.....President
S.....Secretary
T.....Treasurer
VP.....Vice-President
D/O.....Directorates and offices held in subsidiaries of American Company, Electric Company, National Com-

Page Cut

Exhibit 52

PERSONNEL OF BOND AND SHARE 3193

MAY 1, 1936

Chairmen of the Board	1	
President	1	
Vice President	1	
Comptrollor	1	
Secretary	1	
Treasurer	1	
Assistant Secretary and Assistant Treasurer	1	
Secretaries to officers	6	3194
Assistants to officers	2	
Bookkeeper	1	
Cashier	1	
Clerks	5	
Stenographers, typist and addressograph operator	5	
Hallman and messengers	3	
TOTAL	30	

3195

Exhibit 53

PERSONNEL OF EBASCO

3196

MAY 1, 1936

ADMINISTRATION DEPARTMENT:		
Chairman of the Board		1
President		1
Comptroller		1
Assistant to Chairman		1
Secretaries to Officers		4
Stenographers		2
OPERATING DEPARTMENT:		
3197 Vice Presidents		2
Operating Sponsors		12
Assistant Operating Sponsors		6
Assistants to Vice Presidents		2
Secretaries to Officers and Sponsors		17
Translator		1
Stenographers		2
ACCOUNTING DEPARTMENT:		
General Auditor		1
Assistant General Auditor		1
Stenographers		2
3198 Sponsor Accounting:		
Sponsor Accountants	6	
Assistant Sponsor Accountants	3	
Accountants	13	
Clerks	3	
Stenographers and Typists	7	32
Consulting & Research:		
Accounting Specialists	3	
Accountants	4	
Draftsman	1	
Typists	3	11

Exhibit 53

Bookkeeping:				3199
Auditor	1			
Bookkeepers	2			
Accountant	1			
Clerks	6			
Stenographers and Typists	4	14	61	
ENGINEERING DEPARTMENT:				
Manager	1			
Stenographer	1	2		
Consulting Engineering:				
Consulting Engineers	5			3200
Assistant Consulting Engineers	4			
Stenographers	4	13		
Sponsor Engineering:				
Chief Sponsor Engineer	1			
Sponsor Engineers	15			
Engineering Statisticians	2			
Stenographers	12	30		
Plant Betterment Engineering:				
Chief Plant Betterment Engineer	1			
Plant Betterment Engineers	6			3201
Stenographers	2	9		
Purchasing:				
Purchasing Agent	1			
Assistant Purchasing Agent	1			
Traffic Manager and Traffic Clerks	3			
Buyer	1			
Stenographers and Typists	5	11	65	
SALES DEPARTMENT:				
Department Head		1		
Sales Sponsors		7		
Consulting and Research		3		
Clerk		1		
Stenographers		4	16	

Exhibit 53

	RATE DEPARTMENT:			
3202	Department Head			1
	Rate Sponsors			14
	Consulting and Research			4
	Assistant to Department Head			1
	Stenographers and Clerk			5
	CORPORATE DEPARTMENT:			
	Financial Studies....	Department Head	1	
		Accountants	2	
		Stenographer	1	4
	Securities	Department Head	1	
		Assistants	2	
3203		Stenographer	1	4
	Government Reports..	Accountants	2	
		Stenographer	1	3
	Mortgages.....	Accountant		1
	Vouchers and Vault...	Accountants		2
	TREASURY:			
	Treasurer			1
	Assistant Treasurer			1
	Chief Cashier			1
3204	Cashiers			6
	Chief Security Clerk			1
	Security Clerks			5
	Junior Clerk			1
	Security Messenger and Armed Guard			1
	Stenographers and Typists			4
	SECRETARIAL DEPARTMENT:			
	Secretary:	Secretary	1	
		Assistant Secretary	1	
		Assistant to Secretary	1	
		Stenographers	2	5

Exhibit 53

Office Service:					
Office Manager	1				3205
Clerk	1				
Stenographers	2	4			
Filing: File Clerks		7			
Cable: Cable Clerks		4			
Mail Room: Mail Clerks		2			
Hallmen and Messengers:					
Hallmen	8				
Messengers	20	28	45	50	
GENERAL DEPARTMENT:					
Department Head		1			
Stenographer		1	2		3206
Insurance:					
Department Head		1			
Field Engineer		1			
Clerks		3			
Stenographers		4	9		
Tax:					
Department Head		1			
Accountants		14			
Clerk and Stenographers		4	19		
Budget:					3207
Department Head		1			
Accountants		10			
Stenographers		3	14		
Statistical:					
Department Head		1			
Librarian		1			
Statisticians and Asst Statisticians		4			
Clerks		4			
Stenographers		3	13	57	
Total officers and employees				361	

Exhibit 54

Ebasco and Phoenix Functional Charts

3208

1. General Ebasco Chart

2. Detailed Ebasco Chart

3. Phoenix Chart

These charts appear in volume VII, pages 2102 to 2107.

3209

3210

Exhibit 54A

BLANKET INSURANCE CONTRACTS OBTAINED FOR THE SERVICED COMPANIES

3211

		Number of Companies Served
1.	Automobile Fire and Theft Coverage	34
2.	Automobile Public Liability and Property Damage Coverage	17
3.	Excess Public Liability and/or Property Damage Insurance	46
4.	Excess Turbine Insurance	20
5.	Excess Workmen's Compensation and/or Employers' Liability Insurance	13
6.	Fidelity Insurance	40
7.	Forgery Insurance	50
8.	Group Accident and Health Insurance	6
9.	Group Life Insurance	29
10.	Messenger Robbery, Interior Robbery, and Safe Burglary Insurance	28
11.	Personal Accident Insurance	2
12.	Riot, Strike and Civil Commotion Insurance	39
13.	Steam Boiler Insurance	19

3212

3213

Exhibit 55

3214 **PHOENIX CONSTRUCTION CONTRACT**

(1936 FORM)

Form Px—530

PHOENIX ENGINEERING CORPORATION

Two Rector Street
New York

....., 19....

3215

.....
.....

DEAR SIRS:—

We submit the following proposal to do certain construction work for you and to furnish, to the extent requested, engineering services in connection therewith.

I. CONSTRUCTION WORK

3216 The construction work to be done by us hereunder, hereinafter referred to as Contract Work, is listed in the attached Construction Order or Orders for purposes of general identification. The exact work to be done will be described and defined in the engineering plans and specifications for the Contract Work.

Exhibit 55

We will take entire charge (subject to your control) of the construction of the Contract Work, the services to be performed by us to include the following: 3217

Construction Operations

1. Building and completing the Contract Work in accordance with the plans and specifications. In connection therewith, we will organize and direct the construction operations, assemble the construction force and construction equipment, install the construction plant and facilties, let subcontracts (if portions of the work can best be handled by subcontractors) and direct the work of subcontractors. 3218

Purchasing and Traffic

2. Purchasing, in your name and for your account all necessary materials and equipment, in accordance with the plans and specifications, and routing, classifying and tracing shipments thereof.

Accounting

3219

3. Keeping accounts of the cost of the Contract Work and of expenditures in connection therewith, and rendering to you monthly reports thereof. The books of account, together with supporting records, shall be open to your inspection and subject to your audit and shall be surrendered to you upon completion of and settlement for the Contract Work.

Exhibit 55

Records

3220

4. Preparing reports and records of construction progress and requisite physical and cost data in such manner as may appear to us to be desirable or as may be directed by you.

Insurance

5. Procuring liability insurance and such fire and other insurance, if any, as may appear to us to be desirable or as may be directed by you.

3221 *Miscellaneous*

6. All other similar things incidental to the consummation of the Contract Work.

In connection with this construction work we will provide, at our expense, the services wherever rendered of our officers and general office construction staff, the services of our administrative, purchasing, traffic, accounting and insurance personnel in New York, and the facilties of our general office, including office expenses in New York. To
3222 supplement the services of our general office staff, we will also provide at our expense, to such extent and for such periods as may be required by the nature and magnitude of the Contract Work, supervisory personnel specifically assigned to the Contract Work, such as resident Construction Manager, resident General Superintendent, resident Auditor and Resident Engineer.

Exhibit 55

II. ENGINEERING

3223

To the extent requested, we will perform in or from our general office in New York engineering services in connection with the Contract Work as follows:

Investigations

1. Collecting and analyzing engineering data and other information and making investigations and other preliminary studies which may be necessary for the formulation of definite plans and designs for the Contract Work. 3224

Designs, etc.

2. Preparing engineering plans and specifications, bills of material and estimates of cost for the Contract Work and any other engineering required in connection therewith.

Inspection

3. Inspecting the materials and equipment required for the Contract Work and following factory production thereof. 3225

Tests

4. Making tests of the completed work or portions thereof and instructing your organization in the operation thereof during a trial or preliminary period.

Exhibit 55

III. GENERAL CONDITIONS

3226

The following General Conditions shall apply to the Contract Work and engineering services in connection therewith:

Control and Approval

1. We will consult with you in advance of important decisions and bring to your attention features of our activities which may affect the operation of your properties. You shall have as full control as you may desire to exercise over all
3227 matters pertaining to the execution of the Contract Work, including construction methods to be employed, letting of subcontracts, making of purchases, routing of shipments, etc. You shall have the right to inspect and to approve or disapprove work under construction, materials used and methods employed, and, in case of disapproval, to require changes therein. All engineering plans and specifications will be submitted to you for approval before the work proceeds thereunder. You shall designate some member or members of your or-
3228 ganization, or other representatives, who shall keep in touch with the Contract Work, shall be authorized medium of communication with you in matters pertaining thereto, and shall inform us promptly of any materials used, methods employed or other features of the Contract Work which do not meet with your approval.

Exhibit 55

Change of Authorizations

3229

2. It is understood that you may at any time modify or cancel existing authorizations of construction work, and that construction work started by us hereunder may be taken over by you prior to its completion, as hereinafter provided.

Real Estate Franchises, Etc.

3. You shall provide all real estate and rights or interests therein which may be required for the Contract Work and all necessary franchises and consents or permits of public authorities. We 3230 shall assume, except as you may advise to the contrary, that we are free at any time to start or to continue construction operations upon all parts of the Contract Work.

Funds

4. You shall advance to us, as required, funds to cover the Cost of the Work as defined in Section IV hereof.

Acceptance and Settlement 3231

5. Upon completion of the Contract Work or of any integral portion thereof, or upon the Contract Work or any portion thereof being suspended by your order or being taken over by you prior to completion, you shall accept the Contract Work, or such portion thereof so completed, suspended and/or taken over prior to completion, including all supplies, materials, and equipment, if any, re-

maining on hand in connection therewith and all
3232 other remaining assets acquired by us in or for the prosecution thereof, and you shall pay or credit to us in settlement therefor an amount equal to the Cost of the Work as defined in Section IV hereof and as shown by the books of account to be kept by us. Such settlement shall constitute an acceptance by you of the work covered thereby and an agreement on your part to assume all outstanding liabilities contracted or incurred by us in connection therewith and to protect and save us harmless from all liabilities which may there-
3233 after arise.

Termination

6. This contract shall continue in force until completion of the Contract Work and final settlement therefor; provided, however, that you shall have the right to terminate it prior to completion of the Contract Work, after reasonable notice in writing by taking over all work being handled by us hereunder, making final settlement therefor as herein provided and paying compensation as
3234 provided in Section V hereof.

IV. COST OF THE WORK

The Cost of the Work performed under Section I hereof, to be paid or credited to us by you in settlement therefor, shall be the total cost thereof to us (other than of the services, facilities and staff to be provided at our expense as set forth in Section I hereof) including all of the items listed below:

Exhibit 55

Material, Equipment Etc.

3235

1. The cost (after salvage) of all materials, equipment, supplies, tools, buildings, construction plant, other auxiliary equipment, and any other property employed, and/or rentals paid therefor,

Local Organization

2. The cost of all labor and supervisory, technical and clerical employees engaged on the Contract Work, the expense of securing and maintaining all such labor and employees, 3236
including any traveling, living and incidental expenses of any such employees required to be paid in connection with their employment, and the cost and expense of establishing, conducting and maintaining such local construction offices as may be required,

Subcontractors

3. All payments to subcontractors for work done under our supervision,

3237

Other Costs

4. All other disbursements and costs of any kind paid or incurred by us in connection with said Contract Work, or resulting from or incidental thereto, including the cost of fire, liability and other insurance, taxes other than income and profit taxes, and traveling, living and incidental expenses of the staff provided at our expense.

Exhibit 55

V. COMPENSATION

3238

For the services performed by us under this contract you shall pay us the following:

First: An amount equal to four per cent of the total cost of the Contract Work as hereinafter defined, after exempting from such cost certain items hereinafter enumerated. Such amount shall be paid to us during the progress of the work in monthly installments based upon the costs incurred during the previous month as shown by our books, with a payment at the time of final settlement for
3239 the Contract Work or any portion thereof, based upon all remaining costs pertaining thereto, including all obligations and commitments outstanding.

For the purpose of determining said amount, the total cost of the Contract Work shall be considered to include, subject to the exemptions set forth in items (5) and (6) next below:

1. The Cost of the Work to be paid or credited to us as provided in Section IV hereof,

3240 2. All outstanding commitments made or liabilities incurred by us therefor up to the time of settlement therefor,

3. The cost of new or the market value of used equipment, materials and supplies provided by you,

4. All other expenditures made or costs incurred by you (other than our compensation hereunder) for work done or property acquired by us or under our supervision.

For such purpose, there shall be exempted:

3241

5. Costs of real estate and rights of way, unless acquired for you by us or under our supervision,

6. Costs, not covered by insurance, in connection with accidents or injuries to persons, damages to property of third parties and losses from fire or theft.

Second: An amount payable monthly equal to the sum of (a) the compensation paid by us to the engineering employees of our New York staff rendering services under Section II hereof for 3242
the period of their employment thereon (not including any time devoted thereto by our administrative, accounting and clerical employees in New York), and (b) ninety per cent of said compensation, and (c) any incidental, traveling and living expenses incurred and other expenditures made by us for you in connection with services rendered under Section II hereof.

VI. ACCEPTANCE

Your acceptance of this proposal, endorsed hereon, shall constitute it a contract between us, such 3243
contract to bind and inure to the benefit of our respective successors and assigns, but not to be assignable by either of us, except to a successor corporation, without the prior written consent of the other.

PHOENIX ENGINEERING CORPORATION

By .....

VICE PRESIDENT

ACCEPTED .....19....

.....

By .....

VICE PRESIDENT

Exhibit 56

3244 EBASCO SERVICES INCORPORATED

BALANCE SHEET AND INCOME AND EXPENSE STATEMENT

Table A

BALANCE SHEET

April 30, 1936

ASSETS

3245

Current Assets		
Cash		$1,007,761.69
Accounts Receivable		
Subsidiaries	$59,805.28	
Electric Bond and Share Company	183.16	
Others	366,128.39	426,116.83
Accrued Interest Receivable		2,494.29
3246 Total Current Assets		$1,436,372.81
Investments in Wholly Owned Subsidiaries-Stocks and Loan Receivable (Ledger Value—based on company's valuation of Securities Acquired for Securities Issued)		$1,329,265.57
Furniture & Fixtures		211,240.82
Prepayments		8,099.33
Deferred Charges		65,028.31
TOTAL		$3,050,006.84

Exhibit 56

LIABILITIES

3247

Current Liabilities

Accounts Payable		
Subsidiaries	$ 5,182.76	
Others	1,883.08	$ 7,065.84
Taxes Accrued		137,042.76
Total Current Liabilities		$ 144,108.60
Capital Stock — Par Value $100. a share; authorized, issued and outstanding 26,000 shares		$2,600,000.00
Reserve for Retirement of Furniture & Fixtures		8,929.47
Surplus—Earned		296,968.77
TOTAL		$3,050,006.84

3248

3249

Exhibit 56

Table B

3250

EBASCO SERVICES INCORPORATED

EXPENSES

Nov. 23, 1935 to Apr. 30, 1936

	EXPENSES—EXCLUDING TAXES	
	Salaries	$ 691,009.27
	Rent of Offices	130,256.03
	Rent of Safe Deposit Vault	615.21
	Expenses Officers and Employees	7,891.41
	Directors' Fees and Expenses	620.00
3251	Professional Services and Expenses—Legal	81,444.69
	Professional Services and Expenses—Engineering	5,215.77
	State Registration Fees and Expenses	3,453.21
	Insurance	6,001.92
	Postage	4,314.12
	Telephone—Local Calls and Service	9,426.52
	Telephone—Toll Calls	1,916.16
3252	Telegraph and Cable	329.80
	Advertising	500.07
	Amortization of Office Alterations	1,479.11
	Maintenance of Office Equipment, etc.	1,029.77
	Printing and Reproduction	8,546.40
	Charts, Maps, etc.	8,296.46
	Stationery and Office Supplies	16,862.69
	Books, Periodicals, Papers, etc.	3,721.71
	Dues and Memberships	769.41
	Miscellaneous	2,093.01
	TOTAL EXPENSES—EXCLUDING TAXES	$ 985,792.74

Exhibit 56

TAXES

Federal—Income	$ 95,407.35	3253
Federal—Capital Stock	15,133.33	
Federal—Telephone and Telegraph	39.34	
Federal—Unemployment	4,275.39	
New York State—Franchise	600.60	
New York State—Unemployment	1,077.90	
Other States	17,800.00	
New York City—Excise	266.66	
Foreign—Income	11,369.97	
Miscellaneous	2,863.25	
TOTAL TAXES	$ 148,833.79	3254
TOTAL EXPENSES—INCLUDING TAXES	$1,134,626.53	

3255

Exhibit 56

Table C

3256

EBASCO SERVICES INCORPORATED

STATEMENT OF INCOME AND SURPLUS

Nov. 23, 1935 to Apr. 30, 1936

	INCOME	
	Service Fees	
	U S Operations	$1,131,226.08
	Foreign Operations	618,707.38
3257	Total Service Fees	$1,749,933.46
	Interest—Loan Receivable	15,568.91
	Miscellaneous Income	22.40
	TOTAL INCOME	$1,765,524.77
	EXPENSES	
	Excluding Taxes	$ 985,792.74
	Taxes	148,833.79
	Including Taxes	$1,134,626.53
3258	NET INCOME BEFORE RETIREMENT EXPENSE	$ 630,898.24
	RETIREMENT EXPENSE—Furniture & Fixtures	8,929.47
	NET INCOME AFTER RETIREMENT EXPENSE	$ 621,968.77
	DIVIDENDS—On Capital Stock	325,000.00
	NET INCOME AFTER DIVIDENDS CARRIED TO SURPLUS	$ 296,968.77

Exhibit 57

EXCERPTS FROM MINUTES RELATING TO PAYMENT OF SERVICE FEES BY AMERICAN COMPANY

3259

A special meeting of the board of directors of American Power & Light Co. held May 18, 1915, at 3 o'clock in the afternoon

* * * * * *

The chairman referred to the fact that Electric Bond & Share Co. had heretofore incurred certain expenses and rendered certain valuable services through its various departments and employees to or for the benefit of this company and its subsidiary companies, and that no compensation had been made therefor, and stated that previous to the time when said expenses were incurred and services rendered it had been agreed with Electric Bond & Share Co. that that company should be reimbursed for such expenses and paid for such services such sum as might be agreed upon subsequently.

3260

The chairman thereupon suggested that a committee be appointed to investigate the subject and to arrange for the payment to the Electric Bond & Share Co. of proper compensation in the premises.

3261

Upon motion, duly seconded, it was unanimously voted that Messrs. F. C. Walcott, H. H. Wehrhane, and F. G. Sykes be, and they hereby are, appointed a committee to confer with the officers of Electric Bond & Share Co. to consider the facts relating to and to arrange for a just and reasonable settlement of all the claims of Electric Bond & Share Co. against this company and its subsidiaries.

Exhibit 57

3262 *A special meeting of the board of directors of American Power & Light Co., held April 22, 1912, at 3 o'clock p. m.*

Mr. R. E. Breed thereupon presented an itemized statement covering the service performed by the officers and employees of Electric Bond & Share Co., and the compensation due that company, which was approved by the committee, and it was voted that the report of the committee appointed to ascertain the compensation due Electric Bond & Share Co. is hereby accepted and that the proper officers of the company be, and they hereby are,
3263 authorized to pay Electric Bond & Share Co. $21,700, in full payment for services rendered from the date of the organization of American Power & Light Co. to December 31, 1911.

3264

Exhibit 58

SERVICE CONTRACT WITH CAROLINA POWER & LIGHT COMPANY

3265

December 15, 1914.

Carolina Power & Light Co.,

Raleigh, N. C.

Gentlemen: Commencing January 1, 1915, we propose to take charge, under your direction, of the management and development of the property owned or controlled by your company, placing at 3266
your disposal the experience, advice, and assistance of our entire organization.

The services which we propose to furnish may be divided under three heads:

Operating management of your property, including supervision of the issue of bonds and stocks of your company, the filing of Federal and State reports, and, subject to your control, all operating matters connected with the extension and improvement of your property.

Fiscal agency service, including the negotiation and sale of your bonds and stocks, and assisting in 3267
the securing of loans.

ENGINEERING

(A) Consulting engineering services in connection with the operating of your property, including the investigation of properties offered to you for purchase, inspections, designs, and supervisions of additions and extensions to your property, etc.

(B) Construction of any hydroelectric or steam-
3268 electric developments, transmission lines, or other additions, gas plants and extensions thereof, or reconstruction of your property which it may not be economical to handle with your organization, and which you may direct us to construct.

(A) *Operating management.*—The local manager of your company will be employed subject to your approval and at your expense. He will keep us advised of all matters connected with the operations and local standing of your company and,
3269 subject to the approval of your president, will carry out our instructions in the operations of your company.

We propose to furnish, at our expense, the services of our operating department in charge of one of our vice presidents including:

1. Operating manager of experience who shall be known as sponsor for Carolina properties.

2. Operating committee consisting of the vice president and all sponsors. This committee con-
3270 siders and decides all ordinary operating questions, calling upon the president, or any other member of Electric Bond & Share Co. organization for advice and suggestions in important matters. This committee will submit to you its recommendations as to improvements and extensions of your property, or as to the purchase of other property with full details. It will also submit for your decision all matters of general policy and be governed by your decisions.

Exhibit 58

3. Auditing department which will supervise the accounting system, check the monthly financial reports and vouchers of your company, and its Federal, State and municipal reports and tax returns. The head of this department will act as secretary and treasurer of your company, if desired. This department will furnish to you monthly statements of your company's earnings and expenses, and from time to time such additional statements and analyses of operating matters as it may consider necessary or as you may at any time request. The services of a member of this department will be furnished to visit your general office once a year and direct an audit of the books of your company. You will reimburse us for such additional accountants or clerical services as may be necessary to make such an audit with promptness and least intereference with the business of your company. 3271 3272

4. Purchasing department which will assist in the purchase of apparatus and material, and the routing and tracing of shipments. Your company will be included in the large general purchase contracts made by Electric Bond & Share Co. for lamps, transformers, meters, etc., whereby, through the large volume of purchases, much lower prices are secured. 3273

5. Engineering department: In all New York office consultations on operating matters. (Other engineering services will be furnished as specified below under the heading Engineering—Consulting.)

Exhibit 58

6. Corporation department in charge of one of
3274 our vice presidents, who, with the assistance of your attorneys, will supervise the calling of your stockholders' and directors' meetings and the records or such meetings, the filing of reports and other dealings with Federal, State, and municipal authorities, all matters arising in connection with your mortgage or the trustees of said mortgage, and such other corporate matters as may arise. This department keeps informed as to decisions and orders of the various State public service commissions and rate regulation decisions of the courts, and will from time to time advise
3275 your local manager and local attorney of important decisions and will advise with them in their dealings with State and municipal authorities.

7. Compensation: We propose to furnish at our expense all offices and ordinary office expenses incidental to the maintenance of the above organization in our New York office, which includes all overhead expenses necessary to carry on the details of this work.

3276 (a) Fee: We will furnish all of the above for your company for an amount equal to $2,500 per annum, plus 1½ per cent of the gross earnings from operation of your company (exclusive of interest and dividends on securities of other companies held by you.)

(b) Expenses: We will expect you to reimburse us at cost for all travelling and incidental expenses other than regular routine office expenses mentioned above which may be incurred from time to time by members of our organization in connec-

tion with work performed for the benefit of your property. 3277

(c) Payments of fee for services and reimbursements of expenses shall be made monthly for services and expenses of the preceding month.

(B) *Fiscal agency service.*—In connection with, and addition to, our management proposition as above, and on the express condition that you place us in full charge (subject to your control) of all matters connected with the negotiation and sale of all the securities issued by you, we propose to furnish the services of our securities department 3278 in charge of one of our vice presidents, to act as your fiscal agents, including:

1. *Sale of bonds and stocks.*—The negotiation and sale of your bonds and stocks, subject to your approval as to prices and terms, including all details in connection with such negotiation and the delivery of the securities. Pending the sale of any of your securities they will be held for you in our safe deposit vaults without charge. This department, through its connections both in this 3279 country and in Europe, will constantly endeavor to develop and maintain a broad market for your securities.

2. *Loans.*—This department will also assist you in securing loans.

3. *Statistical and publicity services.*—Will be provided for the preparation of necessary financial and physical information regarding your property; and to prepare for publication such booklets, earnings statements, and other information as you may direct.

Exhibit 58

4. *Compensation.*—We propose to furnish at our
3280 expense all offices and ordinary office expenses incidental to the maintenance of the above organization in our New York office, which includes all overhead expenses necessary to carry on the usual details of this work.

(a) Fee: We propose to furnish all of the above for your company on the basis of the following percentages of the par value of the securities sold: First mortgage bonds, 1½ per cent; preferred stock, 3 per cent.

3281 An accounting shall be rendered you promptly for each sale of securities showing gross amount received, and net amount after deducting our compensation as above shall be handed you in New York funds.

(b) Miscellaneous expenses: We shall expect you to reimburse us for the cost of any printing or publicity work carried out under your instructions, and all expenses connected therewith beyond the salaries of our regular employees and our ordinary
3282 routine office expense.

(C) *Engineering.*—In connection with our management proposal we will furnish you, as may be requested, with the following special services:

1. *General.*—We will furnish you such engineering services as you desire from time to time, aside from office consultation on operating matters, for studies, designs, inspections, reports, etc., at cost to us for time of the men employed (which includes overhead expenses) plus 15 per cent of such cost.

Exhibit 58

Traveling expenses.—We will expect you to reimburse us for such traveling and incidental expenses 3283
as may be incurred by our organization in connection with the work performed for your benefit. Payments for such engineering service and reimbursement of expenses shall be made monthly for services and expenses of the preceding month.

2. *Construction.*—In the event of additions, extensions, or reconstruction of your property, which can not be economically handled by your organization, we will, when requested and under special contract approved by you, furnish complete engineering plans for the work and do the construction work for a sum equal to cost of such construction work (including overhead, traveling, and living expenses) plus a percentage varying with the cost of the work, as follows: 4 per cent on first $100,000 cost of the job; 3½ per cent on next $700,000 cost of the job; 3 per cent on all excess cost of the job. 3284

(D) *Termination of this agreement.* — This agreement may be canceled on 30 days' notice in writing from either party on and after one year from January 1, 1915. 3285

Yours truly,

ELECTRIC BOND & SHARE CO.,
(Signed) By GEO. E. CLAFLIN,

Vice President.

The foregoing correctly expresses the understanding between us, and is hereby accepted.

CAROLINA POWER & LIGHT CO.,

By ————, President.

Dated December ...., 1914.

Exhibit 59

3286 **SERVICE CONTRACT BETWEEN AMERICAN COMPANY AND PACIFIC POWER & LIGHT COMPANY**

This agreement, made this 16th day of January, 1915, by and between American Power & Light Co., a Maine corporation (herein called "American company"), party of the first part, and Pacific Power & Light Co., a Maine corporation (herein called the "Pacific company"), party of the second part, witnesseth:

The parties hereto hereby agree as follows:

3287

I. American company agrees to furnish or to cause to be furnished to the Pacific company, when and as requested, engineering services and advice with relation to—

(*a*) Consultation regarding all proposed engineering and construction work; preliminary investigations regarding desirability and feasibility of such work, with estimates of cost; other miscellaneous advice and assistance in connection with proposed engineering construction, and reconstruc-

3288 tion work;

(*b*) The preparation of plans and specifications for or relating to the construction or reconstruction of all power houses, substations, transmission lines, distribution systems, and additions or improvements to the plants or property of the Pacific company;

(*c*) The making of contracts relating to the construction, or reconstruction of any property in paragraph (*b*) of this Article I; 3289

(*d*) The inspection, supervision, and approval of all construction and reconstruction work done or performed by or for the Pacific company, including in connection therewith the making of reports, surveys, geological examinations, and laboratory tests;

(*e*) The making of reports in connection with the examination or the acquisition of additional properties; and 3290

(*f*) The furnishing of such other or further engineering services and advice as may be requested in connection with the construction, reconstruction, or preservation of any of the properties of the Pacific company.

II. The Pacific company agrees that it will pay to the American company, on or before the 15th day of each calendar month, 10 per cent of the cost during the preceding month of all additions to property including installations and structures, installed, erected, or made by or for the Pacific company in the construction, reconstruction, extension, or preservation of any of its plants or properties, which cost shall not include, however, the cost of furniture and fixtures, real estate, service meters, service transformers designed for less than 6,600 volt operation, arc lamps, tools, implements, service and meter connections, horses, harness, wagons, and other vehicles. 3291

Exhibit 59

III. The American company agrees that, when
3292 and as requested by the Pacific company, it will purchase or cause to be purchased and pay for or cause to be paid for, all lands, and rights in land and all materials, machinery, and equipment necessary for, and will erect and equip or cause to be erected or equipped, any additions and improvements to the plants or property of the Pacific company, all in accordance with plans and specifications prepared by or for the Pacific company as provided herein.

IV. The Pacific company agrees that, in addi-
3293 tion to the 10 per cent provided for in Article II hereof, it will, when and as demanded, pay to the American company the actual cost to the American company of all lands, rights in land, materials, machinery and equipment and of all work done by or for the American company, under the provisions of Article III hereof, said cost to be computed to the end of the calendar month preceding the month in which said demand is made and to include a reasonable sum for the so-called overhead expense of the American company apportionable to such
3294 work and property. All payments made by the American company shall bear interest at 6 per cent per annum from the date of such payment and such payment and such interest shall be paid semiannually.

V. The American company may at any time or times, if it so elect, retain in itself or in its nominees or subcontractors the title to any lands, rights in land, material, equipment, or other property fur-

nished, erected, installed, or paid for under the provisions of Article III hereof, so as to have and retain a first purchase money lien thereon for the amount so paid and interest as hereinbefore provided. 3295

VI. Upon making payment for any lands, rights in land, material, machinery, equipment, or other property furnished, erected or installed together with all charges of the American company on account thereof, the title thereto shall immediately vest in the Pacific company free from all claims of the American company, or those claiming through or under it, and the American company agrees to execute or procure such instrument or papers and to make such payments and do such acts as may be necessary to secure such unincumbered title to the Pacific company. 3296

VII. The American company may for itself purchase all property and do all work required hereunder or may cause the same to be done by such other person, association, corporation or individual as it shall select.

VIII. Either party may cancel this agreement upon 60 days' written notice to the other, and after the expiration of such 60 days this agreement shall be void, except as to obligations theretofore incurred hereunder and except further that any construction work in progress at the time such notice is given shall be completed, and payments therefor made in accordance with the provisions hereof. 3297

Exhibit 59

In witness whereof each party has caused its
3298 corporate seal to be hereto affixed, attested by its secretary or an assistant secretary, and its corporate name to be hereto subscribed by its president or a vice president, the day and year first above written.

AMERICAN POWER & LIGHT CO.,
By F. G. SYKES, *President.*

Attest:

....., *Secretary.*

PACIFIC POWER & LIGHT CO.,

3299

By ....., *President.*

Attest:

....., *Secretary.*

3300

Exhibit 60

SERVICE CONTRACT WITH NATIONAL COMPANY

3301

Copy of Agreement Entered Into December 31, 1921.

December 31, 1921

SUPPLEMENTAL AGREEMENT dated December 31, 1921, between ELECTRIC BOND AND SHARE COMPANY and NATIONAL POWER & LIGHT COMPANY,

3302

WITNESSETH:

WHEREAS, the form of Supervision Agreement, attached hereto and marked "A" is about to be executed by the parties hereto, and

WHEREAS, the services therein outlined with respect to the subsidiaries of National Power & Light Company should properly be paid for by said subsidiary companies and should not constitute a charge against the interest and dividends received by National Power & Light Company by reason of the ownership by it of securities of said operating subsidiaries, but certain of said subsidiaries may not be able to enter into such standard form of Supervision Agreement and, consequently, National Power & Light Company is entering into said agreement for the purpose of insuring that all of its subsidiaries will receive the services therein outlined: and

3303

Exhibit 60

3304 *WHEREAS,* for value received, Electric Bond and Share Company is willing to defer the receipt of its compensation for services rendered such subsidiaries to the extent hereinafter outlined:

NOW, THEREFORE, IT IS AGREED:

1. That, so far as practical, Supervision Agreements will be entered into between Electric Bond and Share Company and each of the operating subsidiaries of National Power & Light Company, and both of the parties hereto shall use all reasonable and proper efforts to bring about this result.

3305

2. That the subsidiaries which do not enter into a Supervision Agreement with Electric Bond and Share Company will be billed for services rendered them by Electric Bond and Share Company on some basis of compensation that seems feasible to Electric Bond and Share Company under the circumstances.

3. That, for purpose of this Supplemental Agreement, the compensation which Electric Bond and Share Company is entitled to receive for services
3306 rendered to subsidiaries, as outlined in the attached agreement, is divided into two parts, as follows:

(a) 1% of the aggregate gross earnings of the subsidiaries (not including interest and dividends received), after eliminating inter-company charges, plus 1 ½% of all expenditures (not including expenditures charged to Maintenance, Renewals or Replacements) for or in connection with addi-

tions, extensions and improvements to the properties of the subsidiaries, not including 3307
expenditures for going public utility properties.

(b) All other payments by way of compensation, reimbursement of expenses or otherwise, provided for in the attached agreement for services rendered subsidiary companies.

At the close of each calendar year and as a charge prior to all other charges and expenses, National Power & Light Company shall pay to 3308
Electric Bond and Share Company the difference between the compensation actually received by Electric Bond and Share Company for services rendered all the subsidiaries of National Power & Light Company during said year and the compensation it would have been entitled to receive for said services (other than the portion of such compensation covered by subdivision "(a)" above) if each of said subsidiaries had entered into an agreement in the form attached hereto and marked "A". National Power & Light Company shall, at the same time, pay the portion of the compensa- 3309
tion covered by subdivision "(a)" above if it shall have remaining sufficient of the fees or capitalized cash provided in connection with the various reorganizations or if there are no accumulated and unpaid dividends on its outstanding Preferred Stock but, if after applying the available fees and capitalized cash mentioned above there are any such accumulations, then the payment of the balance of the portion of the compensation covered

by subdivision "(a)" above shall be deferred until
3310 after all accumulated and unpaid dividends on such Preferred Stock shall have been fully paid. If, during any year, Electric Bond and Share Company shall actually receive from said subsidiaries an amount in excess of the portion of the compensation covered in subdivision "(b)" above and, at the end of said year, there shall be any accumulated and unpaid dividends on National Power & Light Company outstanding Preferred Stock, such excess shall be turned over by Electric Bond and Share Company to National Power & Light Company, to be repaid only when such accumu-
3311 lated and unpaid dividends shall have been fully paid.

4. The intent of this agreement is that the portion, of the compensation to Electric Bond and Share Company for services rendered subsidiaries covered by subdivision "(b)" of Paragraph "3" above shall be paid to Electric Bond and Share Company by said subsidiaries direct or by National Power & Light Company, irrespective of whether there are any accumulations of Preferred Stock dividends, and that payment of the portion of such
3312 compensation covered by subdivision "(a)" of Paragraph "3" above shall be deferred so long as there are any accumulated and unpaid Preferred Stock dividends, except in so far as the fees and capitalized cash provided in connection with the various reorganizations will be used to apply on the same. But, whenever any payment which, under the terms hereof, is subordinated to the accumulated Preferred Stock dividends shall have been actually paid, Electric Bond and Share Company shall not

be under obligation to return the same because of any later accumulation of Preferred Stock Dividends. 3313

5. In view of the fact that the Preferred Stock is non-cumulative during the first year, the portion of the compensation to be deferred under the terms hereof to cumulative dividends shall, during the first year, be deferred to Income Bond Interest and Sinking Fund Payment.

IN WITNESS WHEREOF, Electric Bond and Share Company and National Power & Light Company have caused this agreement to be executed in 3314
their behalf by their respective Vice-Presidents, duly authorized, and their seals to be affixed and attested as of the day and year first above written.

ELECTRIC BOND AND SHARE COMPANY

By

(Sgd) L. H. Parkhurst
Vice President

ATTEST:

3315

(Sgd) E. P. Summerson
Asst. Secretary

NATIONAL POWER & LIGHT COMPANY

By

(Sgd) Courtland Kelsey
President

Exhibit 60

ATTEST:

3316

(Sgd) Richard B. Scandrett
Secretary

December 31, 1921.

To the Board of Directors,
National Power & Light Company.

Gentlemen:

We submit to you, attached hereto, our Proposal whereby you may secure for your Company and
3317 its subsidiaries and their properties the supervision and other services hereinafter specified of Electric Bond and Share Company and its organization.

The services to which you and your subsidiaries will become entitled, if you accept our Proposal, are divided generally as follows:

I. *GENERAL SUPERVISION SERVICE*: The details of this service are set forth in Part I, Sections 1 to 24, inclusive, of the Proposal,
3318 and the compensation to be received therefor is set forth in Section 25, Part I, of the Proposal.

II. *SPECIAL SERVICES*: Divided generally into—

(a) *Sale of Securities*: A statement of the services in this connection and our compensation therefor is set forth in Section 26, Part II, of the Proposal.

Exhibit 60

(b) *Engineering*: A statement of the services in this connection and our compensation therefor is set forth in Section 27, Part II, of the Proposal. 3319

(c) *Construction*: A statement of the services in this connection and our compensation therefor is set forth in Section 28, Part II, of the Proposal.

(d) *Specialists and Experts*: A statement of the services in this connection and our compensation therefor is set forth in Section 29, Part II, of the Proposal. 3320

You have asked for a brief statement as to the organization and scope of operations of Electric Bond and Share Company.

Electric Bond and Share Company, a New York corporation organized in 1905, finances, supervises the operation and development of, and renders engineering and other technical services to public utilities. It is now supervising the financing, operation and development of more than seventy-five (75) electric light and power, gas, water, ice, steam heat, telephone and street railway companies, 3321 operating in twenty-two (22) states in this country and in approximately eight hundred (800) municipalities in the United States and foreign countries. The population of the communities served by these utilities exceeds five million (5,000,000).

In order that the many and varied responsibilities incurred in supervising the affairs of these companies and in the performance of service for them may be fulfilled in the best interests of the

companies and of the public served by them, Electric Bond and Share Company has developed and maintains as part of its organization a staff of specialists and experts whose services cover every ramification of public utility activities and problems, including financing, management, and operation, legal matters, engineering in all its branches, construction, purchasing, traffic matters, inspection, accounting, rate studies, taxation, public relations, dealings with Federal, State and local authorities and foreign governments, relations with employees, preparations of statements and reports, and special studies and investigations.

The entire organization of Electric Bond and Share Company, embracing the following departments and divisions—

Auditing	Inspection
Commercial & Merchandising	Operating
Comptroller's	Public Relations
Construction	Purchasing
Corporation and Law	Rate
Engineering	Secretarial
Executive	Securities
Financial	Statistical
Foreign	Traffic
	Treasury

becomes, in effect, a part of the organization of the Operating Company for which it acts, thus making available to such company at reasonable cost the services of Specialists who could be carried as a part of the Operating Company's regular staff only at prohibitive expense.

Exhibit 60

We hope that the information set forth herein is sufficiently comprehensive for your purpose and 3325
that the attached Proposal will be found acceptable. A duplicate of the Proposal is enclosed for execution and return to this office.

Yours very truly,

ELECTRIC BOND AND SHARE COMPANY

By

(Sgd) L. H. Parkhurst
Vice President 3326

Enclosures.

"A" December 31, 1921

To the Board of Directors,
National Power & Light Company.

Gentlemen:

We hereby offer to furnish to your Company and to its subsidiaries and their properties the supervision and other services of our organization as hereinafter outlined and described: 3327

PART I.

SUPERVISION SERVICE

A. STATEMENT OF SERVICES TO BE RENDERED BY US:

Executive Officers.

1. Our Executive Officers will advise and assist on major problems which may arise in

connection with the affairs and management of
3328 your company and its subsidiaries and their properties.

Officers for your Company and its Subsidiaries.

2. We will, if and when desired by you, assign certain of our Executive Officers or other members of our staff to serve as officers of your company and its subsidiaries, but in the case of subsidiaries our obligation shall be only to the extent that the duties of such officers can to be performed in New York City and through
3329 occasional visits to their offices and properties. While acting as officers of your company or its subsidiaries the members of our staff will, of course, be subject to the direction of the superior officers and directors of your Company or its subsidiaries, as the case may be.

Operating Committee.

3. We will, through our operating specialists and otherwise, keep in close touch with the affairs and problems of your company and its
3330 subsidiaries.

Our Operating Committee, composed of one of our Vice Presidents, and all of our operating specialists, will consult in regard to the policies and problems of your subsidiaries and will study their needs.

Sponsors

Two of our operating specialists will be assigned as Sponsors for each of your sub-

sidiaries and will be charged with the responsibility of keeping in touch with the operation and development of their properties and of carefully and systematically scrutinizing performance and operating data. In carrying out this responsibility, these Sponsors will spend such time at the local offices and on the properties as may be necessary. 3331

We will, through these Sponsors and otherwise, advise and assist your subsidiaries in all matters pertaining to the operation and development of their properties, such as improvements in methods, betterment of the properties, formulation of plans for future development, and we will, when necessary, submit recommendations to your Company and its subsidiaries with respect thereto. 3332

Personnel of Operating Organization

4. We will advise with the directors and officers of your company and its subsidiaries in regard to matters of personnel and organization and, when desired, will, through our wide acquaintance in the public utility industry, assist in obtaining suitable personnel. 3333

Annual Budgets

5. We will advise and assist your Company and its subsidiaries in regard to its and their financial resources and obligations, the formulation of financial programs, the establishment of credits and the securing of and arranging for loans, and will maintain a system of Annual

Exhibit 60

3334 Budgets providing for a program for extensions and improvements to the properties of your subsidiaries and setting forth their financial requirements.

Securities

6. We will advise in connection with the sale of stocks, bonds, notes and other securities of your company and its subsidiaries and will take charge of the printing of mortgages, the engraving of bonds, notes, stock certificates and other securities, arrangements for the
3335 appointment of trustees, registrars and transfer agents and other like matters in connection with the issuance of the securities of your company and its subsidiaries. We will also provide for the safe-keeping of securities placed in our custody.

Care and Disbursement of Funds

7. We will, to the extent that you desire, arrange for the care of funds of your company and its subsidiaries kept in New York
3336 and elsewhere. When proper authority is given, we will receive and disburse funds on behalf of your company and its subsidiaries, including the payment of dividends, and will, in connection with such payments, secure and maintain lists of stockholders, prepare and file reports to the Federal Government and do all other incidental things in connection therewith; and we will likewise handle or supervise the payment from New York of interest upon interest-bearing obligations.

Exhibit 60

Accounting and Auditing

3337

8. We will supervise the accounting methods and procedure of your Company and its subsidiaries, check its and their financial reports and supervise and assist in the preparation of Federal, State and Municipal reports. We will also furnish your Company and its subsidiaries with statements and analyses, will advise and assist in the standardization of accounting methods, in the interest of uniform classification of accounts and rulings, and will arrange for the auditing from time to time of books and records and the accounts of Treasurers and Cashiers.

3338

Corporate Matters

9. We will advise and assist your Company and its subsidiaries in regard to corporate matters. We will supervise and assist in the preparation of corporate reports and take charge of and hold in safekeeping such records and documents as your Company and its Subsidiaries may find necessary or may desire to keep in New York.

3339

Corporate Meetings

10. We will, if desired, supervise the calling of meetings of stockholders, of the Boards of Directors and of the Executive Committees of your Company and its subsidiaries, will call attention to matters requiring action at such meetings and will prepare and maintain

proper records in connection therewith, in-
3340 cluding notification to the proper parties of action taken at such meetings.

Law Matters

11. We will co-operate with and assist the officers and attorneys of your Company and its subsidiaries in law matters and will administer the law work of your company and its subsidiaries insofar as such work is done in New York. We will supervise and assist in the preparation, execution, delivering or
3341 filing or recording of contracts, mortgages, and similar instruments of finance and other documents duly authorized, and will also assist in questions which may arise thereunder with trustees; transfer agents, registrars, etc.

Public Relations

12. We will advise and assist your Company and its subsidiaries in regard to matters of public policy, including questions which may arise with Federal, State and local authorities,
3342 franchises and relations with the patrons of your subsidiaries and with employees. We keep informed as to the trend of public opinion and relations, particularly as reflected in commission regulations, State and Federal Legislation, court decisions and the activities of trade, labor and social organizations, all for the purpose of keeping operating companies which we serve advised of developments in these matters which may affect their interests.

Exhibit 60

Taxation

3343

13. We will assist in the preparation and filing of the Federal tax returns of your company and its subsidiaries, and, when necessary, our representatives will, in the interest of your company or its subsidiaries, personally appear before the Federal Tax authorities. When requested, we will advise and assist your Company and its subsidiaries in the preparation of state, county and municipal tax returns, and will keep it and them informed as to decisions, orders and rulings of courts and other authorities with respect to taxation matters. 3344

Insurance, Bonds, Etc.

14. We will advise and assist your Company and its subsidiaries in regard to insurance matters and in connection with the obtaining or checking of fidelity, surety and other bonds of a similar character.

Rates and Rate-making

15. We will consult with and advise your 3345 subsidiaries in regard to the formulation and application of rate schedules, will keep them informed of rate-making developments and will make suggestions with respect to the desirability of changing rate schedules and in regard to the handling of rate matters before State and Municipal authorities.

We maintain an extensive record and file of rates in force on public utility properties

3346 throughout the country, which record and files is complete as to properties supervised by us. We make studies and comparisons of these rates and keep generally informed of rate decisions, rate research and policies in connection with rate-making, and will make available to your subsidiaries such data and information.

New Business, Merchandising & Jobbing

3347 16. We will give advice and consulting assistance with respect to the organization and conduct of the New Business, Merchandise and Jobbing Departments of your subsidiaries and the systematic and profitable handling thereof. In connection with such matters, we keep informed of the methods, experience and policies of various operating companies and in touch with manufacturers of electric and gas appliances and apparatus and other sources of information. The data and information thus obtained will be made available to your subsidiaries.

3348 *Statistical*

17. We will gather, compile and furnish to your subsidiaries much statistical information of value to them. We regularly compile comparative tables and charts of financial, business and operating statistics of companies supervised by us and of other public utilities with which we are in touch, all of which information and data will be furnished or made available to your subsidiaries.

Exhibit 60

Engineering

3349

18. We maintain a complete staff of electrical, mechanical, steam, civil, hydraulic, gas, refrigeration, electric railway, construction and efficiency engineers, together with an extensive auxiliary organization. We keep generally informed of developments in the technical and engineering art affecting construction and operation of public utility properties and perform investigation and research work in connection therewith, and we maintain contact with the proceedings and activities of engineering societies and other technical bodies and 3350
of Federal and other governmental departments and authorities concerned with the development or regulation of public utility properties where involving technical or engineering considerations. Our engineering staff will be available to your company and its subsidiaries for advice and consulting assistance in connection with the operation of their properties, improvements and extensions thereof and planning future developments.

We will advise in connection with cost esti- 3351
mates and designs prepared by your subsidiaries and will assist in the application to their properties of standardized designs and types of contruction, devised to promote efficiency of operation and economy of cost.

We will scrutinize data received from your subsidiaries and will offer recommendations for effecting improvements in efficiency and economies in operation. We will supervise and

3352 assist in the maintaining of your subsidiaries of such technical and cost records in regard to their properties and their operation as may be necessary or desirable for checking performance, effecting improvements and planning future developments.

Technical Information

19. We maintain a general engineering and technical information service through which we will transmit to your subsidiaries information and data collected from the various com-
3353 panies for which we act and other public utility properties, from technical societies and governmental bodies and from our own investigations.

Purchasing

20. We will advise and assist your subsidiaries in matters pertaining to purchasing and, upon request and where purchases can be made more advantageously by us than by their organiza-
3354 tion, we will, conduct such purchases and will fulfill all functions of a purchasing organization insofar as can be done in our New York Office. We will similarly make purchases for work in connection with which we may be performing special engineering and construction services, except such purchases as are made locally by your subsidiaries or by a construction organization. We maintain an information service through which we will trans-

mit to your subsidiaries information in regard to market conditions and other matters pertaining to purchasing. 3355

Quantity Purchases

21. We regularly negotiate blanket contracts and place pool orders for equipment, material, supplies, etc., generally used by public utilities, and the requirements of your subsidiaries will be, when desired, included therein, thereby gaining for them the benefits of favorable discounts, prices and deliveries obtainable through large combined purchases and close contact with market conditions. 3356

Apparatus Exchange

22. We conduct for the benefit of all operating companies for which we act an Apparatus Exchange for the sale or purchase of new or second-hand apparatus and materials. This Apparatus Exchange keeps in touch with other utility companies and with the general second-hand market. 3357

Traffic

23. We will advise and assist your subsidiaries in matters pertaining to transportation of materials and supplies and, on request, will route and classify shipments supplied against contracts or purchase orders placed for them. We

Exhibit 60

3358 will furnish information concerning classification and routing of commodities, insurance in transit, freight rates, etc., and in regard to proper procedure in the filing of freight claims and the checking and auditing of transportation invoices.

Factory Matters

24. We will advise and assist your subsidiaries in matters pertaining to factory production, shipments, etc. and will give information and advice as to status of factory work, measures
3359 to hasten production and, when necessary, substitutions or changes in orders which may improve deliveries or quality of material.

Compensation to be Paid to Us:

25. For the services outlined in the twenty-four sections preceding, your Company and its subsidiaries are to pay to us two percent (2%) of their aggregate gross earnings (not including interest and dividends received) after
3360 eliminating inter-company charges, plus three percent (3%) of all expenditures (not including expenditures charged to Maintenance, Renewals or Replacements) for and in connection with additions, extensions and improvements to the properties of your subsidiaries, exclusive of fees paid on account of construction work done under the terms of Section Twenty-eight (28) of this Proposal. This three percent (3%) fee shall not apply to expenditures by

your company and its subsidiaries for the acquisition of going public utility properties. 3361
Services rendered by us in connection with such acquisitions shall be subject to special agreement as each occasion arises.

PART II.

SPECIAL SERVICES

In consideration of our employment by you on the basis and for the purposes set forth under Part I of this Proposal, we will hold ourselves in readiness at all times to furnish your Company and its 3362
subsidiaries with the following special services:

Sale of Securities

26. If you so designate at the time of acceptance hereof, we will take full charge of the sale of all securities issued by your company and its subsidiaries, including negotiations in connection therewith, and we will constantly endeavor, through all of the facilities at our command, including our wide banking connections, to maintain a favorable subsequent mar- 3363
ket for securities so sold, thereby making it possible for your Company and its subsidiaries to obtain advantageous terms in connection with later issues of their securities In connection with the sale of and market for such securities, we will prepare and issue reports, statements, circulars and general data in regard to the business and properties of your Company and its subsidiaries for the information of investment

3364 bankers, the press, the general public, commissions and other public authorities.

For these services we are to receive the following commissions:

Bonds and Notes	*Percent of principal Amount sold*
Maturing not later than two years from date of delivery to purchaser	½
3365 Maturing later than two years and not later than five years from date of delivery to purchaser	¾
Maturing later than five years and not later than ten years from date of delivery to purchaser	1- ⅛
Maturing later than ten years from date of delivery to purchaser, as follows:	
3366 (a) For sales of issues, or proportional parts thereof, when such sales are separately negotiated (all deliveries within ninety (90) days of the first delivery to be considered as covered by the separate negotiations).	1- ½

Exhibit 60

(b) When, in part consideration of the sale of an immediate issue, an option on subsequent issues of the same security is given, at stated prices for definite periods, and sales are made thereunder, (except such sales as are covered under "(a)" above).	¾	3367
	Per Share Sold	3368
Preferred Stock		
Consumers' Campaigns	$2.00	
Other than consumers' campaigns as follows:		
(a) For sales of issues, or proportional parts thereof, when such sales are separately negotiated (all deliveries within ninety (90) days of the first delivery to be considered as covered by the separate negotiations)	3.00	3369
(b) When, in part consideration of the sale of an immediate issue, an option on subsequent issues of the same security is given, at stated prices for definite periods, and sales are made thereunder, (except such sales as are covered under "(a)" above)	1.50	

Exhibit 60

We are not, however, to receive any commission
3370 on account of sale of preferred stock to your stockholders or the stockholders of your subsidiaries under stockholders' rights or subscription nor on account of sale of Securities to employees.

Special Engineering

27. When and as directed by your Company or its subsidiaries, we will undertake any special engineering work which you or they may require (in addition to advice and consulting assistance as specified in Part I hereof),
3371 such as preparation of designs, specifications and estimates for new developments and for improvements or extensions to properties: investigations in regard to future development and important problems of contruction, operation or maintenance, making of reports on properties; projects or problems in which your company or its subsidiaries may be interested; and detailed efficiency and betterment studies and experiments for the purpose of effecting improvements in equipment or methods of operation.

3372 We will, when requested, inspect materials and equipment for your company and its subsidiaries and make necessary examinations and tests in connection therewith. We will furnish the services of members of our organization for work outside of New York in following shipments and expediting factory deliveries.

For those special services, we are to be reimbursed for the salary cost of our employees, without overhead, for the time they may be engaged on such work.

Exhibit 60

Construction

3373

28. We will, when authorized by separate specific agreement, do or cause to be done for your subsidiaries construction or reconstruction work of any character or magnitude.

With respect to such work, the services to be provided by us will include organization and direction of the construction operations, purchasing of materials and equipment, obtaining of construction superintendents, assembly of the necessary construction forces and construction plant, keeping of proper records and books of account, and all other 3374 things necessary or incidental to consummation of the work. All of such construction or reconstruction work will be carried out in conformity with designs and specifications to be furnished by you or the subsidiary interested or prepared by us under the provisions of Section 27 hereof, and it will be turned over to you or to your subsidiary, as the case may be, complete and ready for regular use.

In connection with such construction or reconstruction work, we will make no charge for the services of our executives, for the services 3375 and assistance in New York City of our purchasing and accounting departments, or for any other services of our New York organization, excepting only the salary costs, if any, of engineers, draftsmen, inspectors and specialists, as covered by Sections 27 and 29 hereof.

For such construction work we are to be paid the actual cost thereof, including the cost of all organization, plant and equipment

required therefor and all other costs incurred
3376 in connection therewith (excepting in connection with the services of our New York organization as noted in the next preceding paragraph), plus a fee based upon a percentage of such cost, as follows:

5% of the first $200,000 cost of work done under each such agreement;
4 ½% of the next $800,000 cost of work done under each such agreement;
4% of all additional cost of work done under each such agreement.

3377

Specialists and Experts

29. We will, on request, furnish your Company and its subsidiaries (in addition to advice and consulting assistance, as provided in Part I hereof) with the services of our specialists and experts in public utility matters, such as rate specialists, commercial and new business experts, auditors, accountants, etc., for which services we are to be reimbursed for the salary cost of the men employed, without overhead, for such time as they may be engaged in connection with work for your company or its subsidiaries.

3378

Other Services

30. Should you or your subsidiaries have occasion to call upon us for services not herein contemplated, or through us to arrange for the services of any one else, such services and

the compensation therefor shall be subject to arrangement as the occasion may arise. 3379

PART III.

GENERAL CONDITIONS.

Overhead

31. It is understood that we are to make no charge (other than the supervision fee provided in Part I hereof) for services of our Executive Officers, Sponsors, and Engineering Manager, whether rendered in New York or 3380
elsewhere, and it is understood that New York office rent, local telephone charges and ordinary office expenses, including stenographers, clerks and other like overhead expenses of Electric Bond and Share Company are to be borne by us and not to be included in our statements for expense hereunder.

Reimbursement of Expenses

32. We are to be reimbursed for all expenses incurred by us on your account or the account 3381
of your subsidiaries and for traveling, living and incidental expenses of members of our organization while away from New York City in its or their service.

We are also to be reimbursed for payments advanced by us in connection with purchases made for your company or its subsidiaries.

Exhibit 60

Bills

3382

33. Bills for services and for expenses hereunder shall be payable monthly and shall be due in New York funds within ten days after receipt of our statement.

Approval of Services

34. All services to be rendered by us hereunder shall be subject to your approval and to such direction as you may care to exercise.

3383 *Termination*

35. This agreement may be terminated by either party after giving sixty (60) days written notice of its intention so to do to the other.

If you desire to accept this Proposal, please cause it to be executed by your officers thereunto duly authorized, and thereby constitute it an agreement between us.

Very truly yours,

3384

ELECTRIC BOND AND SHARE COMPANY,

By
(Sgd) L. H. Parkhurst
Vice President

ATTEST:

(Sgd) E. P. Summerson
Asst. Secretary

Exhibit 60

We hereby accept the above Proposal on this 31st day of December, 1921, to be effective from and as of January 1st, 1922, and request that you take full charge of the sale of all securities and negotiations in connection therewith, as provided in Section 26, Part II, of the Proposal. 3385

NATIONAL POWER & LIGHT COMPANY,

By
(Sgd) Courtland Kelsey
President

ATTEST:
(Sgd) Richard B. Scandrett, Jr. 3386
Secretary

3387

Exhibit 61

3388 **BOND AND SHARE SERVICE CONTRACT WITH SERVICED OPERATING COMPANIES (1922 FORM)**

New York, N. Y.
December 15, 1922

Gentlemen:

In order to state definitely the terms of our agreement for general supervision and special services to your company, we submit herewith our formal Proposal, which upon acceptance by you will con-
3389 stitute a contract between us for such supervision and services.

The services to which you will become entitled, if you accept our Proposal, are divided generally as follows:

I. GENERAL SUPERVISION SERVICE: The details of this service are set forth in Part I, Sections 1 to 24, inclusive, and the compensation to be paid to us therefor is set forth in Part I, Section 25.

3390 II. SPECIAL SERVICES: These are divided generally into—

(a) *Sale of Securities*: A statement of the services in this connection and our compensation therefor is set forth in Part II, Section 26.

(b) *Special Engineering*: A statement of the services in this connection and our

reimbursement for the cost therefor is set forth in Part II, Section 27. 3391

(c) *Construction and Reconstruction*: A statement of the services in this connection and our compensation therefor is set forth in Part II, Section 28.

(d) *Field Audits*: A statement of the services in this connection and our reimbursement for the cost therefor is set forth in Part II, Section 29.

(e) *Examinations and Reports*: A statement of the services in this connection and our reimbursement for the cost therefor is set forth in Part II, Section 30. 3392

III. GENERAL CONDITIONS: A statement of conditions applicable to both General Supervision and Special Services is set forth in Part III, Sections 31-32-33-34 and 35.

A brief statement describing the organization and scope of operations of Electric Bond and Share Company follows: 3393

Electric Bond and Share Company, a New York corporation organized in 1905, finances, supervises the operation and development of, and renders engineering and other technical services to public utilities. It is now supervising the financing, operation and development of more than 85 electric light and power, gas, water, ice, steam heat, telephone and street railway companies, operating in 27

states in this country and in approximately 900
3394 municipalities in the United States and 4 foreign countries. The population of the communities served by these utilities according to the best available sources of information approximates 6,400,000.

In order that the many and varied responsibilities incurred in supervising the affairs of these companies and in the performance of service for them may be fulfilled in the best interests of the companies and of the public served by them, Electric Bond and Share Company has developed and maintains as part of its organization a staff of specialists and experts whose services cover every ramification
3395 of public utility activities and problems, including financing, operating, legal matters, engineering in all its branches, efficiency and betterment studies, safety studies, construction, purchasing, traffic matters, insurance of all classes, inspection, accounting, appraisals and valuations, rate studies, taxation, public information, customer ownership, public regulation, negotiations with foreign governments, study of company organizations, relations with employees, preparation of statements and reports, development of new business, merchandising, and special studies and investigations.

3396 Public utility companies require special and expert services which can be best supplied by an organization of the character outlined above. Experience has shown that as to any particular company the demands for such services fluctuate so widely from time to time as to make it uneconomical, if not impossible, for each company to maintain a permanent organization to render these services. To meet the combined requirements of this character of a large number of companies through a coopera-

tive arrangement, one central organization such as ours becomes available to each company at reasonable cost and provides at all times the services of experts who give their whole time to public utility problems of specialized nature and who could not be carried as a part of the Operating Company's regular staff except at prohibitive expense. The entire organization of Electric Bond and Share Company, embracing the following departments and divisions— 3397

Auditing	Insurance
Commercial and Merchandizing	Investigations
Comptroller's	Operating
Construction	Public Relations
Corporation and Law	Purchasing
Efficiency and Betterments	Rate
Engineering	Secretarial
Executive	Securities
Financial	Statistical
Foreign	Traffic
Inspection	Treasury
	Valuation

3398

becomes, in effect, a part of the organization of each company for which it acts. 3399

We hope that the information set forth herein is sufficiently comprehensive and that the attached Proposal will be found acceptable. A duplicate of the Proposal is enclosed for execution and return to this office.

Yours very truly,

Electric Bond and Share Company

Exhibit 61

3400

PROPOSAL

New York, N. Y.,
December 15, 1922

Company

Gentlemen:

We hereby propose to furnish to your company and its subsidiaries, controlled by ownership or
3401 lease, if there be any, the supervision and other services of our organization as hereinafter outlined and described:

PART I.

GENERAL SUPERVISION SERVICE.

A. Statement of Services to be Rendered by Us.

Subject to the control of your company through its Board of Directors and proper officers, we will undertake to render the following services as they
3402 may be requested by you.

Executive Officers

1. Our Executive Officers will serve your company on major problems which may arise in connection with the affairs and management of your company and its properties.

Exhibit 61

Officers for Operating Company

3403

2. We will assign certain of our Executive Officers or other members of our staff to serve as officers of your company, to the extent that the duties of such officers can be performed in New York City and through visits to your officers and properties.

Operating Committee

3. We will, through our operating specialists and otherwise, keep in close touch with the affairs and problems of your company, and our Operating 3404
Committee, composed of one of our Vice Presidents and all of our operating specialists, will consult in regard to the policies and problems of your company and will apply the results of these studies to the requirements of your company.

Sponsors

One or more of our operating specialists will be assigned as Sponsor or Sponsors for your Company and will be particularly charged with the duty of carefully and systematically scrutinizing per- 3405
formance and operating data and will, along with other members of our organization, be charged with the responsibility for efficient operation and proper development of your properties. In carrying out this responsibility, these Sponsors will spend such time at your office and on your properties as may be necessary.

We will, through these Sponsors and our entire organization advise your company in all matters

pertaining to the operation and development of its
3406 properties, such as improvements in methods, betterments of the properties and formulation of plans for future development.

Personnel of Operating Organization.

4. We will serve you in matters of personnel and organization and will, through our wide acquaintance in the public utility industry, assist in obtaining personnel. We pay special attention to developing men best fitted to fill any and all positions in the public utility field.

3407

Fiscal Services

5. We will serve your company in regard to its financial resources and obligations, the formulation of its financial program, the establishment of credits and the securing of and arranging for loans, and will maintain a system of Annual Budgets providing for such program of extensions and improvements to your company's properties and setting forth such financial requirements as its circumstances may demand.

3408

Securities

6. We will serve in connection with the issuance of stocks, bonds, notes and other securities of your company, will take charge of the drafting and printing of mortgages and trust agreements, the drafting and engraving of bonds, notes, stock certificates and other securities, and will arrange for the appointment of trustees, registrars and transfer agents

and other like matters in connection with the issuance of the securities of your company. We will 3409
also provide for the safe-keeping of securities placed in our custody.

Care and Disbursement of Funds

7. We will, to the extent that you desire, arrange for the deposit of funds of your company kept in New York and the proper use of the same. When proper authority is given, we will receive and disburse funds on behalf of your company, including the payment of dividends, and will, in connection with such payments, secure and maintain lists of 3410
stockholders, prepare and file reports to the Federal Government and do all other incidental things in connection therewith; and we will likewise handle or supervise the payment from New York of interest on interest-bearing obligations.

Accounting and Auditing

8. We will supervise the accounting methods and procedure of your company, check its financial reports and supervise and assist in the preparation of its Federal, State and Municipal reports. 3411
We will also furnish your company with statements and analyses of its business and operations, and will advise and assist in the standardization of accounting methods in the interest of uniform classification of accounts and the application of rulings and decisions of legally constituted accounting authorities.

Exhibit 61

Corporate Matters.

3412

9. We will serve your company in regard to corporate matters and will supervise and assist in the preparation of corporate reports.

Corporate Meetings

10. We will attend to or assist in holding meetings of stockholders, of the Board of Directors and of the Executive Committee of your company, will prepare a program of matters requiring action at such meetings and will keep records in connection
3413 therewith, including notification to the proper parties of action taken.

Law Matters

11. We will administer the law work of your company in so far as such work is done in New York. We will supervise and assist in preparing, executing, delivering and filing or recording contracts, mortgages and similar instruments of finance and other documents duly authorized, and also in questions which may arise thereunder with trus-
3414 tees, transfer agents, registrars, etc.

Business Relations

12. We will serve your company in regard to matters of business policy and as to relations with the patrons of your company, and with your employes. We maintain a department for the collection and digest of the various State Utility Commission laws, and the decisions and regulations

of such Commissions; state and federal legislation; court decisions, and trade and technical literature affecting the industry and its problems-all of which we will make available to your company. 3415

Taxation

13. We will serve in preparing and filing the Federal tax returns of your company, and, when necessary, our representatives will, in your company's interest, appear before the Federal tax authorities. We will also advise your company in the preparation of state, county and municipal tax returns, and will keep it informed of decisions, orders and rulings of courts and other authorities with respect to taxation matters. 3416

Insurance, Bonds, Etc.

14. We will serve you in matters pertaining to all classes of insurance and in regard to fidelity, surety and other bonds of a similar character.

Rates and Rate-Making

15. We will formulate rate schedules for your property and will advise and assist your company in their application, and our rate experts will spend such time at your office and on your properties as may be necessary. We will keep you informed of rate-making developments and our rate department will serve in connection with the handling of rate matters before State and Municipal authorities. 3417

We maintain an extensive record and file of rates

in force on public utility properties throughout the
3418 country. We make studies and comparisons of these rates and keep informed of decisions, practices and policies in connection with rate-making, and will make available to your company such data and information.

New Business Merchandising and Jobbing

16. We will serve your company in the organization and administration of its New Business, Merchandise and Jobbing Departments and in regard to the systematic and profitable conduct there-
3419 of, and our New Business and Commercial experts will spend such time at your office and on your properties as may be necessary. In connection with such matters, we keep informed of the methods, experience and policies of various operating companies and in touch with manufacturers of electric and gas appliances and apparatus, and with other sources of information. The data and information thus obtained will be made available to your company.

Statistical

3420

17. We will gather, compile and furnish to your company valuable statistical information. We regularly compile comparative tables and charts of financial, business and operating statistics of companies supervised by us and of other public utilities, all of which information and data will be furnished or made available to your company.

Exhibit 61

Engineering

3421

18. We maintain a complete staff of electrical, mechanical, steam, civil, hydraulic, gas, refrigeration, electric railway, construction and efficiency engineers, together with an extensive auxiliary organization. We keep informed of developments in the technical and engineering art affecting construction and operation of public utility properties and perform investigation and research work in connection therewith, and we maintain contact with the proceedings and activities of engineering societies and other technical bodies and of Federal and State governmental departments and authorities concerned with the development or regulation of public utility properties where involving technical or engineering considerations.

3422

Our engineering staff will be available in New York to your company for consultation and advice in connection with the operation of your properties, improvements and extensions thereof and the planning of future developments. We will advise in connection with cost estimates and designs prepared by your company and will assist in the application to its properties of standardized designs and types of construction devised to promote efficiency of operation and economy of cost. We will scrutinize data received from your company and will offer recommendations for effecting improvements in efficiency and economies in operation. We will supervise the maintenance by your company of such technical and cost records in regard to its properties and their operation as may be necessary or desirable for checking performance, effecting improvements and planning future development.

3423

Exhibit 61

Technical Information

3424

19. We maintain a general engineering and technical information service through which we will transmit to your company information and data collected from the various companies for which we act and from other public utility properties, from technical societies and governmental departments and from our own investigations.

Purchasing

20. We will serve your company in matters per-
3425 taining to purchasing and, where purchases can be made more advantageously by us than by your organization, we will conduct such purchases and will fulfill all functions of a purchasing organization in so far as can be done in our New York office. For purchasing in connection with construction work, see Section 28.

We maintain an information service through which we will transmit to your company information in regard to market conditions and other matters pertaining to purchasing.

3426 *Quantity Purchases*

21. We regularly negotiate and place blanket contracts and orders for equipment, material, supplies, etc., generally used by public utilities, and the requirements of your company will be included therein, thereby gaining for you the benefits of favorable discounts, prices and deliveries obtainable through large combined purchases and close contact with market conditions.

Exhibit 61

Apparatus Exchange

3427

22. We conduct for the benefit of all operating companies for which we act an Apparatus Exchange for the sale or purchase of new or second-hand apparatus and materials. This Apparatus Exchange keeps in touch with other utility companies and with the general second-hand market.

Traffic

23. We will serve your company in matters pertaining to transportation of materials and supplies, and will route and classify shipments supplied against contracts or purchase orders placed for it. 3428
We will furnish information concerning classification and routing of commodities, insurance in transit, freight rates, proper procedure in the filing of freight claims and the checking and auditing of transportation invoices, etc.

Factory Matters

24. We will serve your company in matters pertaining to factory production, shipments, etc., of materials and apparatus ordered for your account and will give information as to the status of factory work, measures to hasten production, and, when 3429
necessary, substitutions or changes in such orders which may improve deliveries or quality of material. For factory inspection, etc., see Section 27.

COMPENSATION TO BE PAID TO US FOR SUPERVISION SERVICE.

25. For services covered in the preceding Sections 1 to 24, both inclusive, we are to receive the

following compensation on the gross earnings of
3430 your company and its subsidiaries:

2. % of the first $1,000,000 of annual gross earnings.
1.9% " " next 2,000,000 " " " "
1.8% " " " 4,000,000 " " " "
1.7% " " " 6,000,000 " " " "
1.6% " all over 13,000,000 " " " "

In the event that your company controls, by stock ownership or lease, a subsidiary Company or subsidiary Companies, earnings made in inter-company transactions shall be eliminated in com-
3431 puting the gross earnings on which the compensation hereunder shall be calculated.

PART II

SPECIAL SERVICES

In consideration of our employment by you on the basis and for the purposes set forth under Part I of this Proposal, we will hold ourselves in readiness at all times to furnish your company when requested, with the following special services.

3432

Sale of Securities

26. We will take full charge (subject at all times to the direction of your Board) of the sale, for your account, to investment bankers and other similar agencies for distribution, of all securities issued and owned by your company, including negotiations in connection therewith, and we will constantly endeavor, through all of the facilities at

our command, including our extensive connections with investment bankers and other similar agencies, 3433
to maintain a favorable subsequent market for securities so sold, thereby making it possible for your company to obtain advantageous terms in connection with later issues of its securities. We will also supervise consumers' campaigns for the sale of your capital stock to consumers, employees and others in the territory served by your company.

In connection with the sale of and market for such securities, we will prepare and issue reports, statements, circulars and general data in regard to the business and properties of your company for 3434
the information of investment bankers, the press, the general public, commissions and other public authorities.

For these services we are to receive the following commissions:

Bonds and Notes	*Percent of Principal Amount sold*
Maturing not later than two years from date of delivery to purchaser	1/2
Maturing later than two years and not later than five years from date of delivery to purchaser 3435	3/4
Maturing later than five years and not later than ten years from date of delivery to purchaser	1—1/8

3436 Maturing later than ten years from date of delivery to purchaser, as follows:

Firm Sales:

(a) For sales of issues, or portions thereof, when such sales are separately negotiated .....1—1/2

Options:

3437 (b) When in part consideration of a firm purchase of an issue, sold under (a) hereof, an option on additional bonds or notes of the same issue and series is given at stated prices for definite periods:
For sales made within ninety (90) days from the date of such option ....1—1/2
For subsequent sales under such option 3/4

3438

Non Par Value Capital Stock	*Dollars per Share*
Consumers' campaigns	2

Other than consumer's campaigns, as follows: 3339

Firm Sales:

(a) For sales of issues, or parts thereof, when such sales are separately negotiated 2

Options:

(b) When, in part consideration of a purchase of an issue sold under (a) hereof, an option on subsequent issue or issues of the same stock is given, at stated prices for definite periods: 3340
For sales made within ninety (90) days from date of such option 2
For subsequent sales under such option 1

3341

The foregoing commissions for the sale of non par value capital stock apply only to shares sold at not less than $80.00 per share.

Par Value Capital Stock.

The price to be received for original issue of non par value stock may be fixed with respect to market conditions prevailing at the time of the

proposed sale, but the minimum sale price of
3442 original issue of par value stock is generally fixed by statute without regard to market conditions.

In consequence of this fact and the constantly fluctuating difference between par value and fair market value, the terms under which we will negotiate the sale of your par value stock must necessarily be left open for agreement at the time of any proposed sale, with the understanding, however, that our net compensation after costs and expenses incurred by us in effecting the sale will not exceed the same amount per share as the commissions above prescribed for sales of non par value
3443 stock.

We are not, however, in the case of either non par value stock or par value stock to receive any commission on account of sale of the same to your company's stockholders' under stockholders' rights of subscription nor on account of sale of securities to its employees.

— — — — — — — — — — —

Special Engineering

3444 27. We will undertake any special engineering work which your company may require (in addition to advice and consulting assistance as specified in Part I hereof), such as preparation of designs specifications and estimates for new developments and for improvements or extensions to properties; investigations in regard to future development and important problems of construction; and detailed efficiency and betterment studies and experiments for the purpose of effecting improvements in methods of operation or character of equipment.

Exhibit 61

We will inspect materials and equipment for your company and make necessary examinations and tests in connection therewith. 3445

For these special services you are to reimburse us for the cost thereof.

— — — — — — — — — — —

Construction and Reconstruction

28. We will, when authorized by separate agreement, procure *Phoenix Utility Co.* or other responsible contractor to do for your company construction or reconstruction work of any character or magnitude. So long as a construction organization is continuously maintained by such contractor on your property, new jobs may be added to existing contract as supplementary to it. Whenever the construction organization has, in its entirety, been withdrawn from your property, any work requiring its return must be covered by a new contract. 3446

The services which will be performed in connection with such work will include organization and direction of the construction operations, field engineering, purchasing materials and equipment, obtaining construction superintendents, assembling the necessary construction forces and construction plant, keeping proper records and books of account and all other things necessary or incidental to consummation of the work. 3447

For such construction or reconstruction work you are to reimburse to the contractor his disbursements and costs in connection therewith, and

pay to such contractor a fee based upon a percentage
3448 of the entire cost of each contract, as follows:

5% of the first $200,000;
4½% " " next $800,000;
4% " all additional cost.

— — — — — — — — — — —

Field Audits

29. We will furnish your company (in addition to advice and consulting assistance as provided in
3449 Part I hereof) with the services of auditors and accountants expert in public utility matters for the auditing of your books, accounts and other records, for which services you are to reimburse us for the cost thereof.

Examinations and Reports

30. We will furnish your company with the services of engineers, accountants, rate and new business experts, lawyers and other specialists, for the examination of, and report upon new properties,
3450 projects or special problems, for which services you are to reimburse us for the cost thereof.

— — — — — — — — — — —

Exhibit 61

PART III

3451

GENERAL CONDITIONS

Reimbursement of Expenses

31. Your company is to reimburse us for all expenses incurred by us on its account, including expenses of members of our organization while away from New York City in the service of your company. We are also to be reimbursed for payments advanced by us in connection with purchases made for your company.

3452

Bills

32. Bills for services and for expenses hereunder shall be payable monthly and shall be due in New York funds within ten days after receipt of our statement.

Control of Service

33. All services to be rendered by us hereunder shall be subject to your direction.

3453

Other Services

34. Should you have occasion to call upon us for services not herein contemplated, or through us to arrange for the services of any one else, such service and the compensation therefor shall be subject to arrangement as the occasion may arise.

Exhibit 61

Termination

3454

35. This agreement may be terminated by either party at any time on 60 days' written notice.

If you desire to accept this Proposal, please cause it to be executed by your officers thereunto duly authorized, and thereby constitute it an agreement between us, effective as of January 1, 1923.

Very truly yours,

Electric Bond and Share Company
By L. H. Parkhurst,

3455 V-Pres.

ATTEST:

E. P. Summerson
Secretary

WE HEREBY ACCEPT the above Proposal on this 6 day of Mar 1923, to be effective from and as of Jan. 1, 1923.

3456

Exhibit 62

BOND AND SHARE SERVICE CONTRACT WITH SERVICED OPERATING COMPANIES (FORM USED NOVEMBER 25, 1935)

3457

ELECTRIC BOND AND SHARE COMPANY
TWO RECTOR STREET

NEW YORK, N. Y.,

DEAR SIRS:

3458

We submit this Proposal under which your Directors and officers, in the management and operation of your properties and business, will have the benefit of the supervision and general and special services of our organization. In the practical operation of this plan, our organization becomes an auxiliary to your own organization; functioning at all times, however, in cooperation with and subject always to the control of your Directors and officers.

If your Company controls, by stock ownership, lease or otherwise, a company or companies rendering service of a public utility nature (hereinafter referred to as "controlled companies"), our services will be furnished and applied hereunder to such company or companies the same as to your Company.

3459

If you desire to accept this Proposal, your execution and return to us of the enclosed duplicate original hereof will constitute this a contract between us; which contract, however, will be subject

to cancellation by either party at will at any time
3460 on sixty days' written notice.

Our services are classified and described as (1) Supervision and General Services and (2) Special Services.

SUPERVISION AND GENERAL SERVICES

Accounting
Analyses
Apparatus Exchange
Appraisals
Budgets and Forecasts
3461 Comptroller's
Corporation
Development Programs
Engineering
Executive
Factory Information
Financial
Industrial Development
Insurance
Merchandising and Jobbing
New Business
Office Investigations
Operating
Personnel
Public Relations
Purchasing
Rates
Reports
Secretarial
Securities
Sponsors
Statistics
Stock Exchange Listings and Reports
Tax Services
Traffic
Treasury

3462 Explanation of some of the services and the basis of compensation are set forth in Part I hereof.

SPECIAL SERVICES

Sale and marketing of securities
Engineering investigations, designs, appraisals, inspections, etc.
Engineering for construction
Construction

Exhibit 62

Construction supervision

Special investigations and reports upon new properties, projects or special problems; rate studies, etc. 3463

Accounting investigations, field audits and system installations

Explanation of these and other services embraced in this classification and the basis of compensation therefor are set forth in Part II hereof.

Conditions applicable both to Supervision and General Services and to Special Services are set forth in Part III hereof.

3464

PART I

SUPERVISION AND GENERAL SERVICES

Executive Officers

1. Our executives will follow and keep in touch with your properties and business and will cooperate with your executives in the development of general policies and plans. They will assist in important matters and major problems, such as, for illustration, expansion of your business, arrangements and contracts for physical interconnection of your system with systems of other companies for the exchange of service between such systems, important contracts for the sale of your service, matters pertaining to your capital structure and financial program, and other questions and problems of importance in the operation and management of your business. 3465

Exhibit 62

Individuals to Serve as Officers in New York, Directors

3466

2. Experience of companies similarly served by us has demonstrated that it is desirable for them to have one or more individuals in New York serve as officers in connection with such of their business as can best be transacted in or from New York. For this purpose, to the extent desired by your Directors, we will make individuals, in our organization available for election to serve as non-salaried officers of your Company, proposing those whom we consider especially qualified for the particular
3467 kind of service desired. Likewise, if you desire to have one or more of the individuals in our organization serve on your Board of Directors in order to better facilitate the business of your Company, we will make them available for election to such positions.

Sponsors

3. One or more of our operating specialists, selected from men experienced as operating executives of public utility companies, will serve as Sponsor or Sponsors for your Company. They will
3468 visit your properties as frequently and for such lengths of time as may be necessary to enable them to maintain a comprehensive knowledge of your situation and perform their duties hereunder competently and in full sympathy with local problems. They and other members of our staff will study your periodical reports and other data and, by visits, observation, inspection and correspondence, will maintain contact with your activities and with your organization. They will apply their own experience

in public utility operations to the solution of your problems and they will also coordinate the activities of our organization with your organization to the end that you may derive the full benefit of all of our facilities and experience. 3469

Sponsor Engineer

One of our senior engineers will be assigned as Sponsor Engineer for your Company. He will counsel and advise as to your engineering practices and problems. He will visit your properties from time to time, apply to your affairs his own engineering experience and coordinate the services of the various engineering specialists in our organization with respect to your engineering problems. 3470

Sponsor Accountant

One of our senior accountants will be assigned as Sponsor Accountant for your Company. He will counsel and advise with respect to your accounting practices and problems, maintaining contact therewith through correspondence or by visits. He will review your financial and operating reports and will coordinate the services of the various accountants in our organization with respect to your accounting matters. 3471

Capital and Corporate Matters

4. We will confer and advise as to your capital and corporate structure and recommend procedure to be followed in connection with changes in capitalization and other important corporate actions.

Exhibit 62

We will arrange for the drafting and engraving of
3472 bonds, debentures, notes and stock certificates, if desired, in form suitable for listing on the New York Stock Exchange or other stock exchanges. We will arrange, upon request, for the appointment of trustees, registrars and transfer agents and will otherwise assist in the creation, issuance and delivery of your securities. We will conduct the redemption or retirement of your preferred stocks, bonds, debentures and other securities, whenever such action is desirable. It is contemplated that you will handle your law work through your local
3473 counsel, with the assistance of such New York counsel as may be employed by you or for your account, from time to time, in connection with issuance and offerings of securities and other important transactions. Properly qualified members of our organization will advise with your officers and your counsel in administering your law work generally and particularly such of it as is handled in New York.

Secretarial Service, Corporate Meetings

3474 5. To the extent desired, we will direct the calling of meetings of your stockholders, Directors and Committees, the maintenance of records thereof and sending of notifications to proper parties of actions taken at such meetings. We will assist in the compilation of information to be laid before the meetings, preparation of programs of matters requiring action, and drafting of appropriate resolutions. Upon request, one of our Sponsors or other representatives will attend meetings of your stockholders, Directors and Committees to give informa-

tion and advice with respect to your business and affairs. If you should find it desirable to hold 3475
Directors' or Committee meetings in New York, we will furnish necessary office accommodations and secretarial service.

Tax Services

6. We will advise you with respect to Federal taxation, the adjustment of reserve and other accounts as allowed or required by the laws, orders and rulings controlling in the premises, assist in the preparation and filing of returns and supporting schedules, assist in furnishing the Federal taxing 3476
authorities with the sundry reports required by the Regulations, and advise you as to proper accounting for taxes. We will advise concerning and assist in presenting your claims for refunds and abatements of taxes and in adjusting claims against you for additional assesssments. We will assist you, in cooperation with the paying agents, in accounting and reporting disbursements of interest under the tax-free covenants of your obligations. We will advise you of decisions, rulings and orders of courts and other authorities with respect to taxation matters and, upon request, will assist in the preparation 3477
of state and local tax returns.

Development Programs, Budgets and Forecasts

7. We will advise and assist in formulating a development program covering your important construction requirements for a suitable period in advance and in coordinating current extensions with such development program. We will advise and

assist in the preparation of your annual construc-
3478 tion budgets, review the estimated costs of the items therein, recommend as to the advisability or necessity thereof and advise as to the time for initiating and carrying on the contemplated work. We will also assist and advise in the preparation of operating budgets and forecasts, covering your operating revenues and expenditures.

Financial Service

8. We will assist in the formulation of financial programs and advise upon ways and means in per-
3479 manent financing. We will aid you to establish credits and to obtain loans at such times as the security market is unfavorable for your permanent financing and/or pending the time when your requirements are sufficient to warrant public offering of your securities. We will arrange for the deposit of such of your funds as you wish to keep in New York and assist in finding advantageous employment for your temporary surplus cash.

Care and Disbursement of Funds,
Custody of Securities

3480

9. When authority is given, the members of our organization who are officers of your Company will attend to the receipt and disbursement of your funds receivable at or disbursed from New York, including the supervision of payment from New York of interest on your obligations and the payment of such of the dividends on your stocks as you may desire to have paid from New York. In connection with such payments, we will procure lists of stockholders

for disbursement of dividends, do all of the clerical work incident to the preparation and mailing of the 3481
dividend checks, and arrange for the preparation and filing of reports and certificates of ownership as required by the Federal Government. We will furnish safety deposit facilities for such of your securities as you may keep in New York and transmit or deliver them as you may authorize or direct.

Accounting and Analyses

10. We will do all work incident to vouchering for payment and pay such of your invoices as you may desire to have paid from New York, reconcile 3482
your New York bank accounts and furnish you with monthly statements thereof. We will provide for and supervise the preparation of statements and analyses of accounts for the benefit of your officers. Our accounting specialists will be available to you in New York for consultation and advice on all accounting matters, including Merchandising and Jobbing accounting, utilization of mechanical accounting and office devices and uniform classification of materials and supplies and control thereof.

3483

Statistics and Reports

11. We will advise you as to and assist in the preparation of reports for your stockholders and periodical reports of your financial and operating results for circulation to interested bankers and financial publications. We will revise and edit descriptions of your Company and of its properties for use in financial and technical manuals, maga-

zines and reference books. Upon request, we will
3484 furnish you such statistical information and summarized reports upon the business, territory, property, organization and capitalization of other public utility companies as are available to us in New York and as may be of interest to you.

Stock Exchange Listings and Reports

12. We will assist in the preparation, and arrange for the presentation to the New York Stock Exchange (or to such other stock exchanges as may be selected by you), of appropriate applications for
3485 the listing of such of the securities of your Company as you desire to have listed. We will assist in the preparation, presentation and filing of the periodical financial statements of your Company required by the stock exchanges and, when requested, will attend and assist in any hearings that may be required by the officers of the stock exchanges.

Public Relations

13. We will advise and collaborate with your officers on questions of business policy and as to
3486 relations with your customers, your employees and the public. We collect and digest various state utilities commission laws, decisions, regulations and rulings, state and Federal legislation, court decisions and trade and technical literature affecting the industry and its problems. We also examine, digest and file articles published in books, magazines and newspapers, dealing with public utility economics and problems. We will prepare and furnish copies or digests of such of the above material as may pertain to your problems.

Exhibit 62

Personnel

3487

14. We give special attention to developing men for positions in the public utility field and, when advisable and when agreeable to all parties interested, make recommendations for the transfer from one operating company to another of men who have qualified under our own observation. We will, on request, assist you in obtaining such personnel as you may need in any department of your organization.

Industrial Development, Negotiations with Customers, Extension of Territory

3488

15. We will keep in touch with the industrial development of the territory served by you, with particular reference to the advantages in respect to natural resources, labor supply and living conditions, transportation facilities, power supply, etc., which that territory offers to the establishment of new indstries. We will advise and assist your organization in establishing contacts with parties interested, or who might be induced to become interested, in the development of industries for which your territory is especially suited and will 3489 aid in efforts to attract such industries to your territory. We will, upon request, cooperate with your organization in negotiations with customers or prospective customers, in particular when the customers have offices or representatives in New York or other eastern cities. We will, upon request, cooperate with your executives in the extension of your services to new territory and in efforts to acquire other properties that they may be advan-

tageously acquired and economically and effectively
3490 operated as a part of your system. In this work we will give you the benefit of such reports and information as to the territory and properties under consideration as we may already possess or be able to obtain. (If you desire us to have members of our staff specially investigate such properties, their special services will be rendered on the basis stated in Part II hereof.)

New Business, Merchandising and Jobbing

16. We will assist in the development of your
3491 New Business, Merchandising and Jobbing Departments. We will plan and assist in installing modern equipment and a system of report forms for systematized solicitation of new business and the proper record of progress therein, and will formulate and assist in campaigns for special effort on particular classes of business. We will supply data on the requirements of any class of business and on the cost of such competitive alternatives for your service as may exist.

We keep in touch with manufacturers of appli-
3492 ances and utensils which may be profitably employed in developing new business, and we will inform you as to manufacturing developments and improvements in connection therewith. We will prepare and assist in campaigns for special merchandising activities on particular classes of appliances.

Rates

17. Members of our organization who are specialists in the formulation and adaptation of rate

structures will be available for consultation in New York and will visit your property, from time to 3493
time, to consult and advise with your organization in connection with your rate problems. (If you desire us to have members of our staff make detailed rate studies for you in New York or in the field, their special services will be rendered on the basis stated in Part II hereof.) We maintain an extensive record and file of rates in force on public utility properties throughout the country. We will make this information available to your organization and inform you of developments in the theory and practice of rate-making and of the rulings and decisions
of authorities with respect thereto. We will counsel 3494
and advise in the preparation and presentation of information, studies and exhibits required for or by regulating authorities.

Consulting Engineering

18. Our engineering staff comprises engineers of diversified and extensive experience in technical problems of public utilities and specialists in many branches, such as: electric generating stations (hydro, steam and internal combustion engine); electric
transmission, substations and distribution (over- 3495
head and underground); dams, canals, pipe lines and other hydraulic works; gas works, natural gas development and gas transmission and distribution; fuel combustion and economy in electric and gas generation; by-product utilization; electric and gas applications and appliances (industrial and domestic); street lighting and other forms of illumination; steam heating, ice and refrigeration; electric railway and bus transportation; appraisals and

valuations;—together with a comprehensive auxili-
3496 ary organization. We keep informed of develop-
ments in the technical and engineering arts affect-
ing public utility properties and make investiga-
tions and conduct research work in connection
therewith. We maintain contact with the operations
of public utility companies in the United States and
foreign countries, with the proceedings and activi-
ties of engineering societies and other technical
bodies and with manufacturers of apparatus and
equipment. This organization will be available to
you in New York for consultation and advice in
connection with the operation of your properties,
3497 extensions and improvements thereto and the plan-
ning of future developments. We will advise in
connection with cost estimates, designs and plans
prepared by your organization and will assist in the
application to your properties of standard designs,
types of construction and methods of operation
devised to promote economy in cost and efficiency
of operation. We will supervise the installation
and maintenance of technical and cost records per-
taining to your properties and their operation.
From our studies, investigations and experience
3498 over a long period, we have developed and maintain
a system of standard designs and specifications
applying to a wide variety of engineering and con-
struction subjects. These will be furnished to your
organization when requested. We will advise you
of pertinent technical developments and will make
available technical information gathered by our
organization through its own research and from
the experience of other public utility companies
and other sources.

Exhibit 62

Purchasing

3499

19. We negotiate volume contracts and arrangements with manufacturers, which provide for substantial quantity discounts. These cover lamps, meters, transformers, motors, electric and gas appliances, lubricating and insulating oils, electric railway supplies, automobiles and trucks, office equipment, and other equipment and supplies required by public utility companies. Upon request, we will, so far as possible, include your requirements in such a way that you may usually deal directly with the manufacturer or jobber and yet receive the benefit of our close contact with market 3500
conditions and of the mass purchasing power of all companies similarly served by us.

We will assist in matters pertaining to purchasing, arrange specific purchases (such as coal, fuel oil, machinery, supplies, equipment, etc.) for your account when it is advantageous to you to have us do so, and, in general, serve as your Purchasing Agent to the extent that you may desire and in so far as this can be done advantageously in New York. (Purchasing service under construction contracts will be rendered on the basis stated in Part II hereof.) 3501

All discounts and other advantages in price obtained by our organization on purchases for your account, both under volume contracts and on special purchases, will be solely for your benefit and account.

We maintain an information service through which we will make available information as to current market conditions and other information and data likely to be of assistance to you.

Exhibit 62

Apparatus Exchange

3502 For the benefit of all companies similarly served by us, we conduct an Apparatus Exchange, which keeps in touch with various other utility companies and with the general second-hand market, for the purpose of serving our client companies in the sale or purchase of second-hand apparatus and materials.

Traffic

20. When requested, we will route and classify your shipments, furnish information as to classi-
3503 fication and routing of commodities, insurance in transit, freight rates and procedure in the filing of claims and checking and auditing of transportation invoices, and assist in locating and expediting strayed or delayed shipments, in so far as this can be done in New York. (Such services under construction contracts will be rendered on the basis stated in Part II hereof.)

Factory Information

21. When requested, we will advise as to the
3504 status of factory production, and, when necessary, as to substitutions or changes in orders which may improve deliveries or otherwise be advantageous. (For factory inspection, see Part II hereof.)

Insurance

22. We will assist in making investigations, reports and proper classifications and reclassifications of your insurable property and in preparation of policy forms. When requested, we will negotiate

or assist in negotiating employers' liability and workmen's compensation insurance, employees' 3505
group insurance, excess liability insurance, automobile insurance, marine insurance, fidelity bonds and all other risks, giving you the full benefit of the advantageous terms obtainable because of the aggregate volume of insurance handled by us. In case of loss, on request, we will assist in preparing proofs of claims and in arranging adjustments with insurance companies.

General Scope of Services

23. The foregoing Sections of this Part I de- 3506
scribe in a general way and are illustrative of the Supervision and General Services to which you will be entitled hereunder. The general intent and meaning of this Proposal is that our executives and our organization will be available generally to your executives and your organization for consultation, advice and assistance in the management, operation and development of your properties and business.

Special Services Excepted

3507

These General Services, however, do not include Special Services of the kind referred to in Part II hereof, for which special charges are to be made, as therein stated, as and when such Special Services are rendered.

Compensation for Supervision and General Services

24. For the services covered by the foregoing Sections of this Part I, we are to receive as com-

pensation each month an amount which will be
3508 computed by application of the following percentages to your total operating revenues for the month*;

1.25% of the first $1,000,000
1.00% of the next 1,000,000
0.75% of the next 1,000,000
0.50% of the next 1,000,000
0.25% of all additional

Inter-Company Transactions

3509 If your Company controls, by stock ownership, lease or otherwise, a company or companies rendering services of a public utility nature, the operating revenue of such company or companies shall be included in the operating revenue upon which the above fee is fixed, but inter-company transactions shall be eliminated, and there shall also be deducted from your operating revenue a sum equal to the amount, if any, paid to your Company or its controlled companies for electrical energy, gas or other public utility service purchased by any other company receiving our Supervision and General
3510 Services.

* Effective June 1, 1934, a further adjustment in compensation was made, whereby the revised schedule set forth is applied either to monthly operating revenues of the current month or monthly operating revenues of the corresponding month of the year beginning June 1, 1933, whichever results in the smaller payment for said current month.

Exhibit 62

PART II

3511

SPECIAL SERVICES

In consideration of our employment on the basis and for the purposes set forth under Part I of this Proposal, so long as this contract remains in effect, we will hold ourselves in readiness to furnish and will furnish to your Company and to its controlled companies, the following Special Services, at the rates of compensation herein specified:

Sale and Marketing of Securities

3512

25. We will, except when you otherwise direct, take charge, under the control of your Directors and officers, of the negotiation and sale at wholesale for your account to investment bankers, other similar distributing agencies, or otherwise, of such of the securities issued by your Company as you desire to market. You will also arrange with your controlled companies to have us, except when you or they otherwise direct, take charge, under the control of the respective Directors and officers of such companies, of the negotiation and sale for their account of such of their securities as they desire 3513 to market.

We will supervise the preparation of mortgages, indentures and trust agreements to secure obligations to be issued by your Company and by your controlled companies. We will give your officers and your counsel the benefit of our long and varied experience in public utility financing to the end that the mortgages, indentures and trust agreements issued by your Company and your controlled

companies will contain those provisions which will
3514 best facilitate the pending and subsequent issues and sales of such securities on the basis most advantageous to your Company and your controlled companies. We will prepare, for execution and approval by your officers, letters and statements to be given to bankers and others in connection with public offerings of such securities. We will also prepare and distribute reports, statements, circulars and general data in regard to your business and properties for the information of interested public authorities, bankers and investors, and be prepared to answer legitimate questions from investing in-
3515 terests with respect to your Company and its controlled companies.

During the term of this contract, through and in cooperation with interested investment bankers and other similar agencies, and otherwise, we will endeavor to maintain favorable consideration of your securities and those of your controlled companies by the investing public so that you and your controlled companies may obtain advantageous terms for subsequent issues of such securities.

Our Securities Department maintains a Customer
3516 Ownership Division composed of men specially trained in the distribution of capital stock by public utility companies directly to customers, employees, local investment bankers and other investors. Through this division we will direct sales of such of the stock of your Company and of its controlled companies as you or they desire to sell in the territory served by your system.

We will advise and assist your officers and the officers of your controlled companies in the prepara-

tion of special reports required in various states: (*a*) by public utilities commissions in connection with the authorization or creation and sale of securities; (*b*) for qualification and proper classification of securities for distribution to the general public under "Blue Sky" laws; and (*c*) for qualification of securities as legal investments for savings banks, trustees and other regulated financial institutions. 3517

For these services we are to receive the following commissions:

	Percent of Principal Amount of Obligations so sold
BONDS AND OTHER FUNDED OBLIGATIONS MATURING TEN YEARS OR LONGER AFTER DATE OF ISSUANCE	3518
(*a*) For the original negotiation and sale of each issue for which a new mortgage or other indenture prepared under our direction is created or to be created:	
On the first $5,000,000 principal amount of the issue.....	3519 One (1)
On the next $5,000,000.....	Three-quarters (¾)
On the next $5,000,000.....	Five-eighths (⅝)
On the next $5,000,000.....	One-half (½)
On the next $5,000,000.....	Three-eighths (⅜)
On any excess over $25,000,000.....	One-quarter (¼)

Exhibit 62

		Percent of Principal Amount of Obligations so sold
3520	(*b*) For the negotiation and sale of each additional issue under an existing mortgage or other indenture, but involving an original negotiation because of change of buyers:	
	On the first $5,000,000 principal amount of the issue.....	One-half (½)
	On the next $5,000,000.....	Three-eighths (⅜)
3521	On any excess over $10,000,000...	One-quarter (¼)
	(*c*) For the negotiation and sale of each additional issue under an existing mortgage or other indenture to the same buyers with whom we have previously negotiated sales of issues under either (*a*) or (*b*), above:	
	On the first $5,000,000 principal amount of the issue.....	Three-eighths (⅜)
3522	On any excess over $5,000,000.....	One-quarter (¼)

SHORT TERM FUNDED DEBT

For negotiations and sales of bonds, notes or other obligations constituting a part of your funded debt or the funded debt of your controlled companies which by their terms mature in less than ten years from the date of issuance, an equitable adjustment of the commissions set forth above will be made, depending on the particular circumstances

involved in each case. No commission will be charged on short term loans maturing in less than one year. 3523

NON-PAR VALUE CAPITAL STOCK

(*a*) *Sales Under the Customer Ownership Plan*

For negotiations and sales to customers, investors, investment bankers and others located in or adjacent to the territory served by your system, our commission shall be as follows:

On the first 20,000 shares sold,	$1.25	per share
On the next 20,000 shares sold,	1.00	per share
On all additional shares sold,	0.75	per share

3524

In applying the above schedule at any time, there shall be taken into consideration all of your stock (or, in case of one of your controlled companies, all of its stock) theretofore sold under the Customer Ownership Plan on which a fee has been paid to us (whether in the same campaign or in different campaigns), including sales made prior to the date of this contract.

3525

(*b*) *Sales Under Other than the Customer Ownership Plan*

For each original negotiation and sale to investment bankers or otherwise than under the Customer Ownership Plan, our commission shall be $1.00 per share on the first 20,000 shares sold, $0.75 per share on the next 20,000 shares sold and $0.50 per share on all additional shares of the same series then or subsequently sold to the same buyers.

(c) *Exceptions*

3526

The foregoing commissions apply only to shares sold at not less than $80.00 per share. The commission on shares sold at less than $80.00 per share will be less per share and will be fixed by agreement according to the circumstances involved in each case.

PAR VALUE CAPITAL STOCK

The price to be received for the original issue of non-par value stock may be fixed with respect to
3527 market conditions prevailing at the time of the proposed sale, but the minimum sale price of the original issue of par value stock is generally fixed by statute without regard to prevailing market conditions. In consequence of this fact and the constantly fluctuating difference between par value and fair market value, the terms under which we will negotiate sales of par value stock must necessarily be left open for agreement at the time of any proposed sale.

SALES TO EMPLOYEES AND STOCKHOLDERS—
3528 EXCHANGES OF STOCKS

We are not to receive any commission on sales of stock to employees of your Company or of its controlled companies, or to stockholders ratably in proportion to their then holdings of stock, or between companies where one controls the other, or on stocks issued in exchange for other stocks or properties. If, however, in such an offering to stockholders, you wish us to do so, we will attempt

to procure an underwriting of such offering, for compensation to be agreed upon at the time. 3529

Engineering Investigations, Designs, Appraisals, Inspections, etc.

26. In addition to the consulting engineering and other general services to which you are entitled under Part I hereof, we will, when requested, render special engineering services, such as:

(*a*) Investigations, studies and other work with respect to plans for future development.

3530

(*b*) Engineering and construction investigations and cost estimates.

(*c*) Preparation of plans and specifications and estimates of cost for construction or reconstruction work.

(*d*) Detailed efficiency and betterment studies, investigations with respect to utilization of by-products, and investigations for the purpose of effecting economy in fuel consumption and improvements in methods of operation or in character of equipment. 3531

(*e*) Detailed engineering assistance in important and extraordinary situations, such as negotiations and arrangements for interconnection of your properties with the properties of other companies, purchase of electric power or gas, or sale of your services to other public utility companies or to large consumers.

Exhibit 62

(*f*) Appraisals of your property and other en-
3532 gineering investigations relating to property value.

(*g*) Inspection of materials, equipment and supplies at the factory or elsewhere and examinations and tests in connection therewith; also examinations and tests of fuels at the mines or elsewhere.

We are to be paid for these services on the basis set forth in Section 32.

Engineering for Construction

27. When you desire to have construction or re-
3533 construction work done by one of our associated construction companies, or by a general contractor under the supervision of one of our associated construction companies, we will, upon request, do all engineering required in connection with such work.

The services to be rendered by us will include preparation of engineering plans and specifications, bills of material and final cost of estimates for the work; detailed engineering investigations and other things necessary in connection with the design of the work; assistance in comparison of bids for and selection of materials and equipment; advice and
3534 recommendations as to changes in plans and specifications which, in the light of the progress of the work, may appear desirable; and, in general, maintaining close contact with the construction work as it progresses for the purpose of securing that thorough cooperation between engineers and constructors which is essential to best results and maximum economy in the handling of important construction work.

We are to be paid for these services on the basis set forth in Section 32.

Exhibit 62

Construction

3535

28. When requested, we will arrange for a Construction Contract between you and one of our associated construction companies, under which the Construction Company will take charge of construction or reconstruction work. Such contract will include, among other things, the following provisions:

(*a*) The Construction Company will organize and direct the construction operations, provide construction superintendents, assemble the construction force and construction equip- 3536
ment, install construction plant and facilities, let sub-contracts and direct the work of sub-contractors (if portions of the work can best be handled by sub-contractors); it will purchase in your name and for your account the materials and equipment required for the work, inspect such materials and equipment, follow factory production and route, classify and trace shipments thereof; it will provide insurance, keep books of account and records, prepare reports and records of construction progress and requisite physical and cost data, 3537
conduct final tests and, if desired, trial operation and do all similar things incidental to consummation of the construction work.

(*b*) All of the construction work will be subject to your approval, and you will have as full control as you may desire to exercise over all matters pertaining to the work, including the making of purchases, the letting of sub-

contracts, the construction methods to be em-
3538 ployed, etc.

(*c*) You will advance to the Construction Company, when and as required, all funds necessary for organization and prosecution of the work to be done under the Construction Contract (excluding cost of services of officers and office expenses of the Construction Company in New York).

(*d*) The Construction Company will receive, as compensation for its services, a fee based
3539 upon the following percentages of the total cost (after deducting certain items noted below) of the construction work covered by the Construction Contract:

5% of the first $200,000 of cost
4½% of the next $800,000 of cost
4% of all additional cost

For the purpose of computing this fee, there shall be deducted from the total cost, the cost of real estate and rights-of-way, unless pro-
3540 cured by or under supervision of the Construction Company, the cost of accidents and damages not covered by insurance, interest and taxes during construction, and all charges for services of employees of Electric Bond and Share Company This fee shall be payable in monthly installments based upon the construction expenditures during the preceding month.

(*e*) So long as a construction force is continuously maintained by the Construction Company on your property (provided this contract for our services is then in effect), new items of construction or reconstruction work may be added to the existing Construction Contract, as supplementary to it, but after withdrawal of the construction force any work requiring its return to your properties will be covered by a new Construction Contract. 3541

In case the Construction Company, in performing its services under the Construction Contract, shall make use of employees of our Engineering Department (including its Purchasing, Inspection and Traffic Divisions), our charges to the Construction Company for the services of these employees will be on the basis set forth in Section 32. 3542

Construction Supervision

29. When requested, we will arrange for a Construction Supervision Contract between you and one of our associated construction companies, under which the Construction Company will supervise construction or reconstruction work to be done by a general contractor. Such contract will include, among other things, the following provisions: 3543

(*a*) The Construction Company will procure proposals from suitable contractors, compare bids and investigate the qualifications, facilities and reputation of the contractors, assist in negotiating the contract and arrange for bonding of the contractor, assist in making

3544 settlements with the contractor, supervise and inspect the work and operations of the contractor in the field, purchase in your name and for your account materials and equipment not supplied by the contractor or procure proposals for such materials and equipment and make analyses and comparisons of these proposals, test and inspect materials and equipment, supervise or handle construction accounting and cost records, supervise or prepare reports and records of construction progress and requisite physical and cost data, conduct final tests and, if desired, trial operation and do all similar things incidental to the construction work.

3545

(*b*) You will advance to the Construction Company, when and as required all funds necessary for the work to be done under the Construction Supervision Contract (excluding cost of services of officers and office expenses of the Construction Company in New York.)

3546 (*c*) The Construction Company will receive, as compensation for its services, a fee based upon the following percentages of the total cost (after deducting certain items noted below) of the construction work covered by the Construction Supervision Contract:

2½% of the first $200,000 of cost
2¼% of the next $800,000 of cost
2% of all additional cost

Exhibit 62

For the purpose of computing this fee, there shall be deducted from the total cost, the cost of real estate and rights-of-way, unless procured by or under supervision of the Construction Company, the cost of accidents and damages not covered by insurance, interest and taxes during construction, and all charges for services of employees of Electric Bond and Share Company. This fee shall be payable in monthly installments based upon the construction expenditures during the preceding month. 3547

In case the Construction Company, in performing its services under the Construction Supervision Contract, shall make use of employees of our Engineering Department (including its Purchasing, Inspection and Traffic Divisions), our charges to the Construction Company for the services of these employees will be on the basis set forth in Section 32. 3548

Special Investigations and Reports, Rate Studies, etc.

30. Upon request, we will provide the services of our engineers, statisticians, accountants, specialists in rate and commercial matters and in corporate affairs, valuation engineers and specialists, and other employees for examinations of and reports upon new properties, investigations and negotiations with respect to attracting new industries to the territory served by you, detailed rate studies, special invesigations of important projects and unusual problems, and detailed new busi- 3549

ness investigations, supplementing our reports with
3550 analyses, comments and recommendations. We are to be paid for these services on the basis set forth in Section 32.

Accounting Investigations, Field Audits and System Installations

31. Upon request, we will provide the services of auditors and accountants who are specialists in public utility accounting practices for accounting investigations, for field audits of your books, accounts and other records and for accounting
3551 system installations. We will also provide the services of specialists for detailed studies and reports on Merchandising and Jobbing accounting matters, mechanical accounting and office devices, uniform classification of materials and supplies, storeroom arrangements, storeroom equipment, materials and supplies turnover and other problems associated with the control of materials and supplies. We are to be paid for these services on the basis set forth in Section 32.

3552 *Charges for Special Services Under Sections 26, 27, 30, and 31*

32. We will maintain as a part of our organization a technical staff adequate and qualified to render all of the Special Services enumerated in Sections 26, 27, 30 and 31 hereof, which organization and staff will be subject to your call, from time to time, as needed. As and when we, at your request, render such Special Services for you or

for your controlled companies, we will bill you and you will pay us therefor an amount equal to the sum of: 3553

(*a*) as respects all such services, the compensation paid by us to our specialists and other employes engaged on such Special Services for the period of their employment thereon; not to include, however, any time devoted thereto by those members of our organization who are assigned to your Company as Sponsor, Sponsor Engineer and Sponsor Accountant, or any time devoted thereto by our Executives or department heads or by any of our clerical employees in New York, and 3554

(*b*) as respects the services of auditors and accountants, 50%, and, as respects the services of other employees, 90%, of the compensation billed under sub-paragraph (*a*) next above.

This basis of billing will apply also to such services as are rendered by the employees of our Engineering Department (including its Purchasing, Inspection and Traffic Divisions) to the Construction Company under Sections 28 and 29. 3555

Other Special Services

33. Should you have occasion to call upon us for services not herein contemplated, or through us to arrange for the services of others, we will act for you, upon request, to the best of our ability, the compensation for our services to be agreed upon with respect to each such occasion as it arises.

Exhibit 62

PART III

3556

GENERAL CONDITIONS

Reimbursement for Expenditures

34. You are to reimburse us, or cause us to be reimbursed, for any expenditures made by us for your account or for account of your controlled companies, including expenses of members of our organization when absent from New York in your service or in the service of your controlled companies.

3557

Bills

35. Our bills for services and expenditures hereunder shall be payable monthly at our office in New York, in New York funds, within ten days after receipt of our statements.

Supersedes Existing Contract

36. If you now have a contract with us under which we have heretofore furnished or are now furnishing you our Supervision and General Ser-
3558 vices or our Special Services, your acceptance of this new Proposal and of the benefits to be derived by you hereunder will constitute a voluntary cancellation of such existing contract as of the effective date hereof, and, upon payment by you to us of all amounts owing or to become owing under such existing contract to the effective date hereof, will constitute a full and final waiver and release by each Company of any claim that it may have against the other under such existing contract, except as follows:

Exhibit 62

If, at the time this contract becomes effective, you have a construction contract and/or a construction supervision contract with one of our associated construction companies, we will arrange for such Company, at your election, either (*a*) to complete the work in accordance with the contract under which the same was undertaken, or (*b*) to substitute for the uncompleted portion of such work a new construction contract and/or a new construction supervision contract in accordance with the terms hereof; you to notify us of your election in this respect within thirty (30) days from the date of your acceptance hereof. If, at the time this contract becomes effective, we are performing for you any other Special Service of the kind specified in Part II hereof, the unfinished part of the work incident thereto will be completed under the terms of this contract. 3559 3560

TERM OF CONTRACT

This proposal, when accepted by you in the space provided below, will become a contract, effective as of , 19 , to remain in effect until terminated by mutual agreement or by either party on sixty (60) days' written notice to the other party; each party reserving the right so to terminate the contract at will. Unless accepted within days from the date hereof, this Proposal will be considered withdrawn. 3561

Exhibit 62

Very truly yours,

3562

ELECTRIC BOND AND SHARE COMPANY,
By .....

Attest:

.....
Secretary.

WE HEREBY ACCEPT the above Proposal on this day of , 19 .

.....
3563 By .....

Attest:

.....
Secretary.

3564

Exhibit 63

HOLDING COMPANY SERVICE CONTRACT (FORM USED JUST PRIOR TO NOVEMBER 25, 1935) 3565

ELECTRIC BOND AND SHARE COMPANY
SERVICE CONTRACT

WITH

HOLDING COMPANIES
ELECTRIC BOND AND SHARE COMPANY
Two Rector Street

3566

NEW YORK, N. Y.,

DEAR SIRS:

We submit this Proposal with respect to services to be rendered by our organization to your Company and to holding companies which are either direct or underlying subsidiaries of your Company (herein referred to as "subsidiary holding companies"), as follows:

SERVICES FOR YOUR COMPANY 3567

Functioning at all times in cooperation with and subject always to the control of your Directors and officers, we will furnish to your Company our Supervision and General Services and Special Services, as set forth in Parts I, II and III hereof. This Contract will be subject to cancellation by either party at will at any time on sixty days' notice.

Part I hereof covers Supervision and General
3568 Services and the basis of compensation therefor; Part II covers Special Services and the basis of compensation therefor; and Part III covers conditions applicable to both classes of services.

SERVICES FOR SUBSIDIARY HOLDING COMPANIES

If requested by you, we will render our Supervision and General Services, as outlined in Part I hereof, to each of your subsidiary holding companies (functioning at all times in cooperation
3569 with and subject always to the control of the respective Directors and officers thereof) to the same extent and in the same manner as we are to render our services hereunder to your Company. The compensation which you are to pay, or cause to be paid, to us under Section 15 hereof will cover and entitle your subsidiary holding companies to receive all of our Supervision and General Services, as outlined in Part I hereof. We will likewise render our Special Services, as outlined in Part II hereof, to your subsidiary holding com-
3570 panies; you to pay, or cause to be paid, to us for such Special Services the compensation set forth in Part II.

PART I

SUPERVISION AND GENERAL SERVICES

1. *Executive Officers*—Our executives will follow and keep in touch with your properties and business and will cooperate with your Directors

and officers in the development of general policies and plans and will serve on major problems which may arise in connection with the affairs and management of your Company. 3571

2. *Individuals to Serve as Officers of Your Company, Directors*—To the extent desired by your Directors, we will make our executives and other members of our organization available for election to serve as non-salaried officers of your Company. If you desire to have one or more of the individuals in our organization serve on your Board of Directors in order to better facilitate the business of your Company, we will make them available for election to such positions. 3572

3. *Office Accommodations and Staff*—We will provide such office accommodations and personnel in New York as may be needed to transact such of your routine business as you may desire to transact in New York and to maintain proper records thereof, to the end that it will be unnecessary for you to provide office accommodations or to maintain a salaried staff in New York.

3573

4. *Sponsors, Sponsor Engineers and Sponsor Accountants*—The members of our staff who will serve as Sponsors, Sponsor Engineers and Sponsor Accountants for your operating subsidiaries, by reason of their contacts with the Directors and officers, and their familiarity with the business and affairs, of your operating subsidiaries, will be able to supply your Directors and officers with first-hand information as to the affairs, business

and problems of your operating subsidiaries. They
3574 will be available to you for consultation, advice and assistance generally and will serve as a medium through which you may keep in contact with the Directors and officers of your operating subsidiaries in the interest of the systematic development and operation of your system as a whole.

5. *Capital and Corporate Matters*—We will confer and advise as to your capital and corporate structure and recommend procedure to be followed in connection with changes in capitalization and
3575 other important corporate actions. We will arrange for the drafting and engraving of bonds, debentures, notes and stock certificates, if desired, in form suitable for listing on the New York Stock Exchange or other stock exchanges. We will arrange, upon request, for the appointment of trustees, registrars and transfer agents and otherwise assist in the creation, issuance and delivery of your securities. We will conduct the redemption or retirement of your preferred stocks, bonds, debentures and other securities, whenever such action is desirable.

3576

6. *Secretarial Service*—To the extent desired or required, we will direct the calling of meetings of your stockholders, Directors and Committees. We will compile pertinent information to be laid before such meetings, prepare programs of matters requiring action and cooperate in the drafting of appropriate resolutions. The members of our organization who are officers of your Company will record and maintain permanent records of the

Exhibit 63

minutes of such meetings of your stockholders, Directors and Committees as are held in New York and will send notifications to proper parties of actions taken at such meetings. 3577

7. *Tax Services*—We will advise with respect to Federal taxation, the adjustment of reserve and other accounts as allowed or required by the laws, orders and rulings controlling in the premises, and will handle the preparation and filing of the returns and supporting schedules, assist in furnishing the Federal taxing authorities with the sundry reports required by the Regulations, and advise you as to the proper accounting for taxes. We will advise concerning and assist in presenting your claims for refunds and abatements of taxes and in adjusting claims against you for additional assessments. We will assist you, in cooperation with the paying agents, in accounting and reporting disbursements of interest under the tax-free covenants of your obligations. We will advise you of decisions, rulings and orders of courts and other authorities with respect to taxation matters and assist in the preparation and filing of state and local tax returns. 3578 3579

8. *Financial Service*—We will assist in the formulation of financial programs and advise upon ways and means in permanent financing. We will aid you to establish credits and to obtain loans at such times as the security market is unfavorable for your permanent financing and/or pending the time when your requirements are sufficient to warrant public offering of your securities. We will arrange

for the deposit of your funds and assist in finding
3580 advantageous employment for your temporary surplus cash.

9. *Care and Disbursement of Funds, Custody of Securities*—When authority is given, the members of our organization who are officers of your Company will attend to the receipt and disbursement of your funds, including the supervision of payment of interest on your obligations and the payment of dividends on your stocks. In connection with such payments, we will procure lists of stock-
3581 holders for disbursements of dividends, do all of the clerical work incident to the preparation and mailing of the dividend checks, and arrange for the preparation and filing of reports and certificates of ownership as required by the Federal Government. We will provide safety deposit facilities for such of your securities as you may keep in New York and transmit or deliver them as you may authorize or direct.

10. *Accounting and Analyses*—We will do all of your bookkeeping, accounting and auditing work
3582 in New York, except annual or special audits which are to be made by outside auditors. We will do all work incident to vouchering for payment and pay your invoices, reconcile your bank accounts and furnish you with monthly statements thereof. We will prepare statements and analyses of accounts for the benefit of your officers.

11. *Statistics and Reports*—We will draft and submit to your officers such reports as you may

wish to send to your stockholders and periodical reports of your business for circulation to interested bankers and financial publications. We will prepare descriptions of your Company and of its business for use in financial manuals, magazines and reference books. Upon request, we will furnish you such statistical information and summarized reports upon the business, territory, organization and capitalization of other public utility companies as are available to us in New York and as may be of interest to you. 3583

12. *Stock Exchange Listings and Reports*—We will prepare for your officers and arrange for the presentation to the New York Stock Exchange (or to such other stock exchanges as may be selected by you) of appropriate applications for the listing of such of the securities of your Company as you desire to have listed. We will prepare for your officers and see to the presentation and filing of the periodical financial statements of your Company required by the stock exchanges, and, when requested, will attend and assist in any hearing that may be required by the officers of the stock exchanges. 3584 3585

13. *General Scope of Services*—The foregoing Sections of this Part I describe in a general way and are illustrative of the Supervision and General Services to which you will be entitled hereunder. The general intent and meaning of this Proposal is that our executives and our organization will be available generally to your executives and your organization for consultation, advice and assistance

in the management, operation and development
3586 of your business and affairs, and that, to the extent desired by your directors, we will provide at our own expense such executive and general staff as may be necessary to handle such of your routine business as you may desire to transact in New York in such a way that you will not be called upon to maintain office accommodations or an independent staff. These General Services, however, do not include Special Services of the kind referred to in Part II hereof, for which special charges are to be made, as therein stated, as and
3587 when such Special Services are rendered; nor are these General Services to include the services of attorneys, although, as a part of our General Services, properly qualified members of our organization will advise with your officers and your counsel in the general administration of your law work.

14. *Similar Services for Subsidiary Holding Companies*—If requested by you, we will furnish our Supervision and General Services, as outlined in the preceding Sections of this Part I, to each of your subsidiary holding companies, functioning at
3588 all times in cooperation with and subject always to the control of the respective Directors and officers thereof.

15. *Compensation for Supervision and General Services Rendered Your Company and Its Subsidiary Holding Companies*—For the foregoing services rendered to you and to your subsidiary holding companies, you are to pay, or cause to be paid, to us compensation as follows:

Exhibit 63

(*a*) For each month an amount which will be computed by application of the following percentages to the aggregate of the gross income of (1) your Company, (2) your subsidiary holding companies, and (3) all operating subsidiaries of your Company and of its subsidiary holding companies, after eliminating all inter-company income for the month: 3589

1/8th of 1% of the first $4,000,000
1/15th of 1% of all additional

(In computing the gross income and operating revenues for the purpose of determining the above compensation, there shall be deducted therefrom a sum equal to the amount, if any, paid to your operating subsidiaries for electrical energy, gas or other public utility service purchased by any other company receiving our Supervision and General Services), plus 3590

(*b*) For each active subsidiary holding company served hereunder at your request, the sum of $500 per month for the period that such company is so served. This charge shall not apply to inactive companies, such as, those organized to hold title to real estate, to hold a name, or for similar purposes; nor shall this charge apply to a company which has a Service Contract with us for our Supervision and General Services. 3591

Exhibit 63

PART II

3592

SPECIAL SERVICES

In consideration of our employment on the basis and for the purposes set forth under Part I of this Proposal, so long as this contract remains in effect, we will hold ourselves in readiness to furnish and will furnish to your Company and to its subsidiary holding companies, the following Special Services, at the rates of compensation herein specified:

16. *Sale of Securities*—We will, except when
3593 you otherwise direct, take charge, under the control of your Directors and officers, of the negotiation and sale at wholesale for your account to investment bankers, other similar distributing agencies, or otherwise, of such of the securities issued by your Company as you desire to market, and of such of the securities issued by your subsidiary holding companies and operating subsidiaries as you may own and wish to market. You will also arrange with your subsidiary holding companies to have us, except when you or they otherwise direct, take charge, under the control of the
3594 respective Directors and officers of such companies, of the negotiation and sale for their account of such of the securities issued by your subsidiary holding companies as they may desire to market and of such of the securities issued by their operating subsidiaries as such subsidiary holding companies may own and wish to market.

We will supervise the preparation of mortgages, indentures and trust agreements to secure obliga-

tions to be issued by your Company and by your subsidiary holding companies. We will give your officers and your counsel the benefit of our long and varied experience in public utility financing to the end that the mortgages, indentures and trust agreements issued by your Company and your subsidiary holding companies will contain those provisions which will best facilitate the pending and subsequent issues and sales of such securities on the basis most advantageous to your Company and your subsidiary holding companies. We will prepare, for approval and execution by your officers, letters and statements to be given to bankers and others in connection with public offerings of such securities. We will also prepare and distribute reports, statements, circulars and general data in regard to your business and properties and the business and properties of your subsidiary holding companies for the information of interested public authorities, bankers and investors, and be prepared to answer legitimate questions from investing interests with respect to your Company and its subsidiary holding companies. 3595 3596

During the term of this contract, through and in cooperation with interested investment bankers and other similar agencies, and otherwise, we will endeavor to maintain favorable consideration of your securities and those of your subsidiary holding companies by the investing public, so that you and your subsidiary holding companies may obtain advantageous terms for subsequent issues of such securities. 3597

Our Securities Department maintains a Customer Ownership Division composed of men spe-

cially trained in the distribution of capital stock
3598 by public utility companies directly to their customers, employees, local investment bankers and other investors. Through this division we will direct sales of such of the stock of your Company and of its subsidiary holding companies as you or they desire to sell in the territory served by your operating subsidiaries. We will likewise direct sales of such of the stock of your operating subsidiaries as you or your subsidiary holding companies may own and wish to market.

We will advise and assist your officers and the
3599 officers of your subsidiary holding companies in the preparation of special reports required in various states: (*a*) by public utilities commissions in connection with the authorization or creation and sale of securities; (*b*) for qualification and proper classification of securities for distribution to the general public under "Blue Sky" laws; and (*c*) for qualification of securities as legal investments for savings banks, trustees and other regulated financial institutions.

For these services we are to receive the following commissions:

3600

BONDS AND OTHER FUNDED OBLIGATIONS MATURING TEN YEARS OR LONGER AFTER DATE OF ISSUANCE:

(*a*) For the original negotiation and sale of each issue for which a new mortgage or other indenture prepared under our direction is created or to be created:

Exhibit 63

	Percent of Principal Amount of Obligation so sold	
On the first $5,000,000 principal amount of the issue...	One (1)	3601
On the next $5,000,000	Three-quarters (¾)	
On the next $5,000,000	Five-eighths (⅝)	
On the next $5,000,000	One-half (½)	
On the next $5,000,000	Three-eights (⅜)	
On any excess over $25,000,000 .	One-quarter (¼)	

(*b*) For the negotiation and sale of each additional issue under an existing mortgage or other indenture, but involving an original negotiation because of change of buyers: 3602

On the first $5,000,000 principal amount of the issue...	One-half (½)
On the next $5,000,000	Three-eights (⅜)
On any excess over $10,000,000	One-quarter (¼)

(*c*) For the negotiation and sale of each additional issue under an existing mortgage or other indenture to the same buyers with whom we have previously negotiated sales of issues under either (*a*) or (*b*), above: 3603

On the first $5,000,000 principal amount of the issue.	Three-eights (⅜)
On any excess over $5,000,000	One-quarter (¼)

Exhibit 63

SHORT TERM FUNDED DEBT

3604

For negotiations and sales of bonds, notes or other obligations constituting a part of your funded debt or the funded debt of your subsidiary holding companies which by their terms mature in less than ten years from the date of issuance, an equitable adjustment of the commissions set forth above will be made, depending on the particular circumstances involved in each case. No commission will be charged on short term loans maturing in less than one year.

3605 NON-PAR VALUE CAPITAL STOCK

(a) *Sales Under the Customer Ownership Plan*

For negotiations and sales to customers of your operating subsidiaries, investors, investment bankers and others located in or adjacent to the territory served by any of your operating subsidiaries, our commissions shall be as follows:

On the first 20,000 shares sold,	$1.25 per share
On the next 20,000 shares sold,	1.00 per share
On all additional shares sold,	0.75 per share

3606

In applying the above schedule at any time, there shall be taken into consideration all of your stock (or, in the case of one of your subsidiary holding companies or operating subsidiaries, all of its stock) theretofore sold under the Customer Ownership Plan on which a fee has been paid to us (whether in the same campaign or in different campaigns), including sales made prior to the date of this contract.

(b) *Sales Under Other than the Customer Ownership Plan* 3607

For each original negotiation and sale to investment bankers or otherwise than under the Customer Ownership Plan, our commission shall be $1.00 per share on the first 20,000 shares sold, $0.75 per share on the next 20,000 shares sold and $0.50 per share on all additional shares of the same series then or subsequently sold to the same buyers.

(c) *Exceptions*

The foregoing commissions apply only to shares 3608
sold at not less than $80.00 per share. The commission on shares sold at less than $80.00 per share will be less per share and will be fixed by agreement according to the circumstances involved in each case.

PAR VALUE CAPITAL STOCK

The price to be received for the original issue of non-par value stock may be fixed with respect to market conditions prevailing at the time of the proposed sale, but the minimum sale price of the 3609
original issue of par value stock is generally fixed by statute without regard to prevailing market conditions. In consequence of this fact and the constantly fluctuating difference between par value and fair market value, the terms under which we will negotiate sales of par value stock must necessarily be left open for agreement at the time of any proposed sale.

Exhibit 63

SALES TO EMPLOYEES AND STOCKHOLDERS—EXCHANGES OF STOCKS

3610

We are not to receive any commission on sales of stock to employees of your company or of its subsidiary holding companies or operating subsidiaries, or to stockholders ratably in proportion to their then holdings of stock, or between companies where one controls the other, or on stocks issued in exchange for other stocks or properties. If, however, in such an offering to stockholders, you wish us to do so, we will attempt to procure an underwriting of such offering for compensation to be agreed upon at the time.

3611

17. *Investigations, Acquisitions, Sales, Exchanges and Reorganizations of New Properties, etc.*—As and when, in the expansion or reorganization of your underlying companies and properties, you or your subsidiary holding companies contemplate the acquisition of new properties or companies, or the sale or exchange of properties, in connection with which detailed investigations and studies are required, we will, upon request, provide the services of our engineers, statisticians, auditors, accountants, specialists in rate and commercial matters and in corporate affairs, valuation engineers and specialists, and all other employees needed for the work, and will likewise provide the services of any such employees in connection with other detailed studies and special investigations of important and unusual projects, and general new business problems, supplementing our reports in all such cases with analyses, com-

3612

ments and recommendations. We will maintain as a part of our organization a technical staff adequate and qualified to render all such Special Services, which organization and staff will be subject to your call, and to call of your subsidiary holding companies, from time to time, as needed. As and when we, at your request, render such Special Services for you or for your subsidiary holding companies, you are to pay, or cause to be paid, to us therefor, an amount equal to the sum of: 3613

(*a*) as respects all such services, the compensation paid by us to our specialists and other employees engaged on such Special Services for the period of their employment thereon; not to include, however, any time devoted thereto by our Executives and department heads, or any time devoted thereto in New York by any of our clerical employees, and 3614

(*b*) as respects the services of auditors and accountants, 50%, and as respects the services of all other employees, 90%, of the compensation billed under sub-paragraph (*a*), next above. 3615

18. *Other Special Services*—Should you have occasion to call upon us for services not herein contemplated, or through us to arrange for the services of others, we will act for you, upon request, to the best of our ability, the compensation for our services to be agreed upon with respect to each such occasion as it arises.

Exhibit 63

PART III

3616

GENERAL CONDITIONS

19. *Reimbursement for Expenditures*—You are to reimburse us, or cause us to be reimbursed, for any expenditures made by us for your account or for account of your subsidiary holding companies, including expenses of members of our organization when absent from New York in your service or in the service of your subsidiary holding companies.

20. *Bills*—Our bills for services and expendi-
3617 tures hereunder shall be payable monthly at our office in New York, in New York funds, within ten days after receipt of our statements.

21. *Supersedes Existing Contract*—If you now have a contract with us under which we have heretofore furnished or are now furnishing your Company, or its subsidiary holding companies, our Supervision and General Services or our Special Services, your acceptance of this new Proposal and of the benefits to be derived by you hereunder will constitute a voluntary cancellation of such
3618 existing contract as of the effective date hereof, and, upon payment by you to us of all amounts owing or to become owing under such existing contract to the effective date hereof, will constitute a full and final waiver and release by each Company of any claim that it may have against the other under such existing contract, and all services thereafter rendered by us will be under or pursuant to the terms of this Contract.

Exhibit 64

TERM OF CONTRACT

3619

This proposal, when accepted by you in the space provided below, will become a contract, effective as of , 19 , to remain in effect until terminated by mutual agreement or by either party on sixty (60) days' written notice to the other party; each party reserving the right so to terminate the contract at will. Unless accepted within days from the date hereof, this Proposal will be considered withdrawn.

Very truly yours,

ELECTRIC BOND AND SHARE COMPANY, 3620

Attest: By .....

.....

Secretary.

WE HEREBY ACCEPT the above Proposal on this day of 19 .

.....

Attest: By .....

.....

Secretary.

231A 3621

EBASCO 4274.

Exhibit 64

Bond and Share Functional Charts

1. Executive and major divisions
2. Operating Division

These charts appear in volume VII, pages 2108 to 2111.

Exhibit 65

3622 **PHOENIX CONSTRUCTION SUPERVISION CONTRACT**

(FORM APPROVED FOR USE IN 1936)

PHOENIX ENGINEERING CORPORATION

Two Rector Street
New York

.....19...

.....

.....

3623

DEAR SIRS:

We submit the following proposal to supervise certain construction work to be done for you by a general contractor and to furnish, to the extent requested, engineering and purchasing services in connection therewith.

I. CONSTRUCTION SUPERVISION

The construction work to be supervised by us
3624 hereunder, hereinafter referred to as Contract Work, is listed in the attached Construction Order or Orders for purposes of general identification. The exact work to be supervised will be described and defined in the engineering plans and specifications for the Contract Work to be embodied in a contract between you and a general contractor.

We will take entire charge (subject to your control) of the supervision of the Contract Work to be done by the general contractor, the services to be performed by us to include the following:

Exhibit 65

Letting Contract

3625

1. Procuring proposals from suitable contractors, comparing bids and investigating the qualifications, facilities and reputation of the contractors, negotiating the contract and arranging for bonding the contractor.

Field Supervision

2. Supervising and inspecting the work and operations of the contractor in the field to insure completion of the Contract Work in accordance with the engineering plans and specifications and 3626
other terms of the contract within the time specified, preparing current estimates of completed Contract Work and making payments to the contractor when due or approving estimates for payment by you and making other settlements with the contractor as required.

Accounting

3. Keeping accounts of expenditures by us in connection with the Contract Work and rendering to you monthly reports thereof. The books of ac- 3627
count, together with supporting records, shall be open to your inspection and subject to your audit and shall be surrendered to you upon completion of the Contract Work and settlement of this contract.

Records

4. Preparing reports and records of construction progress and requisite physical and cost data

in such manner as may appear to us to be de-
3628 sirable or as may be directed by you.

Insurance

5. Procuring liability insurance and such fire and other insurance, if any, as may appear to us to be desirable or as may be directed by you.

Miscellaneous

6. All other things incidental to the supervision of the Contract Work.

3629

In connection with these construction supervision services, we will provide, at our expense, the services wherever rendered of our officers and general office construction staff, the services of our administrative, accounting and insurance personnel in New York, and the facilities of our general office including office expenses in New York. To supplement the services of this general office staff, we will also provide at our expense, to such extent and for such periods as may be required by the nature and magnitude of the Contract Work, supervisory
3630 personnel specifically assigned to the Contract Work, such as a Resident Engineer and a resident Auditor.

II. ENGINEERING AND PURCHASING

To the extent requested, we will perform in or from our general office in New York, engineering and purchasing services in connection with the Contract Work as follows:

Exhibit 65

Investigations

3631

1. Collecting and analyzing engineering data and other information and making investigations and other preliminary studies which may be necessary for the formulation of definite plans and designs for the Contract Work.

Designs, Etc.

2. Preparing engineering plans and specifications, bills of material and estimates of cost for the Contract Work and any other engineering required in connection therewith. 3632

Inspection

3. Inspecting the materials and equipment required for the Contract Work and following factory production thereof.

Tests

4. Making tests of the completed work or portions thereof and instructing your organization in the operation thereof during a trial or preliminary period. 3633

Purchasing and Traffic

5. Purchasing, in your name and for your account, materials and equipment not supplied by the general contractor and routing, classifying and tracing shipments thereof.

Exhibit 65

III. GENERAL CONDITIONS

3634

The following General Conditions shall apply in connection with the services rendered by us hereunder:

Control and Approval

1. We will consult with you in advance of important decisions and bring to your attention features of the contractor's activities which may affect the operation of your properties. You shall have as full control as you may desire to exercise
3635 over all matters pertaining to the supervision of the Contract Work, including letting of the contract, making of purchases, routing of shipments and settlements with the contractor. All engineering plans and specifications will be submitted to you for approval. You shall designate some member or members of your organization, or other representatives, who shall keep in touch with the Contract Work, shall be the authorized medium of communication with you in matters pertaining thereto, and shall inform us promptly of any features of
3636 the Contract Work which do not meet with your approval.

Change of Authorizations

2. It is understood that you may at any time modify or cancel existing authorizations for construction supervision as hereinafter provided.

Exhibit 65

Funds

3637

3. You shall advance to us, as required, funds to cover the Cost of the Work as defined in Section IV hereof.

Settlement

4. Upon completion of the Contract Work or of any integral portion thereof, or upon the Contract Work or any portion thereof being suspended by your order or being taken over by you prior to completion, you shall accept all supplies, materials and equipment, if any, remaining on hand and 3638
all other remaining assets acquired by us in or for the supervision thereof, and you shall pay or credit to us in settlement therefor an amount equal to the Cost of the Work as defined in Section IV hereof and as shown by the books of account to be kept by us. Such settlement shall constitute an agreement on your part to assume all outstanding liabilities contracted or incurred by us in connection therewith and to protect and save us harmless from all liabilities which may thereafter arise.

3639

Termination

5. This contract shall continue in force until completion of the Contract Work and final settlement therefor; provided, however, that you shall have the right to terminate it prior to completion of the Contract Work, after reasonable notice in writing, by taking over the construction super-

vision work being handled by us hereunder, making
3640 final settlement as herein provided and paying compensation as provided in Section V hereof.

IV. COST OF THE WORK

The Cost of the Work performed under Section I hereof, to be paid or credited to us by you in settlement hereunder, shall be the total cost thereof to us (other than of the services, facilities and staff to be provided at our expense as set forth in Section I hereof) including all of the items listed below:

3641

Payments to the General Contractor

1. All payments to the general contractor for work done under our supervision;

Local Organization

2. The cost of all supervisory, technical, clerical and other employees engaged in connection with the supervision of the Contract Work, the expense of securing and maintaining all
3642 such employees, including any traveling, living and incidental expenses of any such employees required to be paid in connection with their employment, and the cost and expense of establishing, conducting and maintaining such local offices as may be required;

Exhibit 65

Material, Equipment, Etc.

3643

3. The cost (after salvage) of all materials, equipment, supplies and any other property employed, and/or rentals paid therefor;

Other Costs

4. All other disbursements and costs of any kind paid or incurred by us in connection with the supervision of said Contract Work, or resulting from or incidental thereto, including the cost of insurance, taxes other than income and profit taxes, and traveling, living and incidental expenses of the staff provided at our expense.

3644

V. COMPENSATION

For the services performed by us under this contract you shall pay us the following:

First: An amount equal to two per cent of the total cost of the Contract Work as hereinafter defined, after exempting from such cost certain items hereinafter enumerated. Such amount shall be paid to us during the progress of the work in monthly installments based upon the costs incurred during the previous month, with a payment at the time of final settlement hereunder, based upon all remaining costs pertaining thereto, including all obligations and commitments outstanding.

3645

For the purpose of determining said amount, the total cost of the Contract Work shall be con-

sidered to include, subject to the exemptions set
3646 forth in items (5) and (6) next below:

1. The Cost of the Work to be paid or credited to us as provided in Section IV hereof,

2. All outstanding commitments made or liabilities incurred by us therefor up to the time of settlement hereunder,

3. The cost of new or market value of used equipment, materials and supplies provided by you,

3647

4. All other expenditures made or costs incurred by you (other than our compensation hereunder) for work done or property acquired under our supervision.

For such purpose, there shall be exempted:

5. Cost of real estate and rights of way, unless acquired for you under our supervision,

6. Costs, not covered by insurance, in connec-
3648 tion with accidents or injuries to persons, damages to property of third parties and losses from fire or theft.

Second: An amount payable monthly equal to the sum of (a) compensation paid by us to the engineering and purchasing employees of our New York staff rendering services under Section II hereof for the period of their employment thereon (not including any time devoted thereto by our

administrative, accounting and clerical employees in New York), and (b) ninety per cent of said compensation, and (c) any incidental, traveling and living expenses incurred and other expenditures made by us for you in connection with services rendered under Section II hereof. 3649

VI. ACCEPTANCE

Your acceptance of this proposal, endorsed hereon, shall constitute it a contract between us, such contract to bind and inure to the benefit of our respective successors and assigns, but not to be assignable by either of us, except to a successor corporation, without the prior written consent of the other. 3650

PHOENIX ENGINEERING CORPORATION

By .....
Vice President

ACCEPTED .....19...
.....

By 3651
Vice President

Exhibit 66

3652 **PHOENIX CONSTRUCTION CONTRACT (FORM USED UNTIL 1932)**

Form 6122.

PHOENIX UTILITY COMPANY

Two Rector Street
New York

.....19..

DEAR SIRS:

3653

By arrangement with Electric Bond and Share Company, we submit the following proposal to do certain construction and other work for you in connection with your properties or properties controlled or leased by you.

I. CONSTRUCTION WORK TO BE DONE

The construction work to be done by us hereunder, hereinafter referred to as "Contract Work", will comprise the following:

3654

1. The construction or reconstruction work set forth in Construction Schedule No. 1, hereto attached and made a part hereof.

2. Such additional construction or reconstruction work as you may from time to time request us to do under the terms hereof while our construction force is maintained on or in connection with work for said properties. Said additional work

is to be set forth in supplemental Construction Schedules, which, upon authorization by you and acceptance by us, will become parts hereof, or is to be covered by such other form of authorization as may be agreed upon between us. 3655

It is understood that you may at any time modify or cancel construction work previously authorized, and that construction work started by us hereunder may be taken over by you prior to its completion, as hereinafter provided.

Construction or reconstruction work to be done by us hereunder is listed in said Construction Schedules for purposes of general identification. The exact work to be done by us will be described and defined in the engineering plans and specifications hereinafter provided for. 3656

II. SERVICES TO BE PERFORMED BY US

We propose, subject to your control, to take entire charge of the construction of said Contract Work and to perform services in connection therewith as hereinafter set forth. We will consult with you in advance of important decisions and bring to your attention features of our activities which may affect the operation of your properties. You shall have as full control as you may desire to exercise over all matters pertaining to the execution of said Contract Work, including the construction methods to be employed, the letting of subcontracts, the making of purchases, the routing of shipments, etc. You shall at all times have the right to inspect and to approve or disapprove the work under construction, the materials used and 3657

the methods employed, and in case of disapproval
3658 to require changes therein.

Services to be performed by us with respect to said Contract Work will include the following:

Construction Operations

1. We will build and complete said Contract Work in accordance with said plans and specifications. In connection therewith, we will organize and direct the construction operations, provide construction superintendents, assemble the construc-
3659 tion force and construction equipment, install the construction plant and facilities, let sub-contracts (if portions of the work can best be handled by sub-contractors) and direct the work of sub-contractors.

Purchasing, Inspection and Traffic

2. We will purchase, in your name and for your account, all necessary materials and equipment in accordance with said plans and specifications, and will inspect said materials and equipment, follow
3660 factory production thereof and route, classify and, when necessary, trace shipments thereof. Said materials and equipment are to be paid for with funds furnished to us by you as hereinafter provided. Excess supplies, materials and equipment will be disposed of or turned over to you, as you may elect.

Exhibit 66

Insurance

3661

3. We will procure liability insurance and such fire and other insurance, if any, as may appear to us to be desirable or as may be directed by you.

Accounting

4. We will keep accounts of the cost of said Contract Work and of expenditures in connection therewith, and will render to you monthly reports thereof. All books of account, together with supporting records, shall be open to your inspection and subject to your audit and, upon completion of the work, shall be surrendered to you. 3662

Records

5. We will prepare reports and records of construction progress and requisite physical and cost data in such manner as may appear to us to be desirable or as may be directed by you.

Tests and Operation

6. We will, upon your request, make tests of the completed work or portions thereof, and, upon your request, will conduct or direct operation thereof during a trial or preliminary period. 3663

Miscellaneous

7. We will do all other similar things incidental to the consummation of said Contract Work.

Exhibit 66

Other Services

3664 Should you desire us, through our local organization, to undertake on your behalf other services different in character, in connection with said Contract Work or otherwise, such as preparation of engineering plans and specifications and other engineering and incidental activities, we will undertake such services, under the provisions hereof, to the extent that in our judgment our local organization is equipped to perform them effectively.

III. CONDITIONS TO BE FULFILLED BY YOU

3665 You shall fulfill the following conditions with respect to the work to be done by us under this contract:

Engineering

1. You shall furnish to us all engineering plans and specifications required for said Contract Work, or shall cause them to be furnished to us by parties designated by you. In case you so request, we will
3666 pay to the parties so designated all charges approved by you for engineering services in connection with said Contract Work, such charges then to be included in the cost of the work as hereinafter provided. In case any of such engineering plans and specifications are prepared by our local organization at your request, you shall indicate your aproval thereof before we proceed with work thereunder.

Exhibit 66

Real Estate, Franchises, Etc.

3667

2. You shall provide all real estate and rights or interests therein which may be required for said Contract Work and all necessary franchises and consents or permits of public authorities. We shall assume, except as you may advise to the contrary, that we are free at any time to start or to continue construction operations upon all parts of said Contract Work.

Representative

3668

3. You shall designate some member or members of your organization who shall keep in touch with said Contract Work, shall be the authorized medium of communication with you in matters pertaining thereto, and shall inform us promptly of any materials used, methods employed or other features of said Contract Work which do not meet with your approval.

Funds

3669

4. You shall provide, or cause to be provided, from time to time and upon our written request, upon such terms as may be agreed upon between us, such funds as we may require for organization and prosecution of said Contract Work and for all expenditures which it may be necessary for us to make in connection with said Contract Work or with the services to be performed by us hereunder.

Exhibit 66

Acceptance and Settlement

3670 5. Upon completion of said Contract Work or of any integral portion thereof, or upon said Contract Work or any portion thereof being suspended by your order or being taken over by you prior to completion, you shall accept said Contract Work, or such portion thereof so completed, suspended and/or taken over prior to completion, including all supplies, materials and equipment, if any, remaining on hand in connection therewith, and all other remaining assets acquired by us in or for the prosecution thereof, and you shall pay or credit
3671 to us in settlement therefor an amount equal to the total cost thereof to us, as hereinafter defined and as shown by the books of account to be kept by us. Such settlement shall constitute an acceptance by you of the work covered thereby and an agreement on your part to assume all outstanding liabilities contracted or incurred by us in connection therewith and to protect and save us harmless from all liabilities which may thereafter arise. In case, as hereinbefore provided, we perform for you engineering or other services which do not relate to
3672 specific construction work being done by us hereunder, you shall reimburse us for or credit to us the costs thereof, as hereinafter defined and as shown by the books of account to be kept by us.

IV. COMPENSATION

As compensation for the services to be performed by us under this contract, you shall pay to us an amount equal to the following percentages of

the total cost, as hereinafter defined, of said Contract Work and of other services performed by us hereunder, after excluding from such cost certain items hereinafter enumerated: 3673

5% of the first $200,000 of cost
4½% of the next $800,000 of cost
4% of all additional cost

Such compensation shall be paid to us during the progress of the work in monthly installments based upon the costs incurred during the previous month, and at the time of settlement for said Contract Work or any portion thereof upon all remaining costs pertaining thereto, including all obligations and commitments outstanding. 3674

For the purpose of determining the compensation to be paid to us, the cost of the work shall be considered to include, (1) our actual expenditures as set forth in Section V hereof, (2) all outstanding commitments made or liabilities incurred by us up to the time of settlement for the work, (3) the cost or market value of all equipment, materials and supplies provided by you for said Contract Work, and (4) all other expenditures made or costs incurred by you for work done or property acquired by us or under our supervision. For such purpose, there shall be excluded, (1) all charges paid by us for your account, as listed in Item 5 of Section V, (2) all costs of engineering plans and specifications and of engineering investigations, (3) all costs not covered by insurance in connection with accidents or injuries to persons, damages to property of third parties and losses from fire or 3675

theft, (4) all charges paid to Electric Bond and
3676 Share Company for services of its employees, (5) interest and taxes during construction, and (6) the compensation to be paid to us hereunder.

V. COST OF THE WORK

The cost of said Contract Work and of other services performed by us hereunder, to be paid or credited to us by you in settlement therefor, shall be the total cost thereof to us, including all of the items listed below:

3677 *Material and Labor*

1. The cost (after salvage) of all materials, equipment and labor, including the cost of supplies, expense in securing labor and other incidental expenses, and the cost (after salvage) or rental of buildings, tools, construction plant, other auxiliary equipment and any other property employed.

Local Organization

2. The cost of the services of construction
3678 managers or superintendents and their assistants, accountants, inspectors, field engineers and such other force as we may maintain on or in connection with your properties, including all incidental, traveling and living expenses incurred, and the entire cost and expenses of establishing, conducting and maintaining such local offices as may be required.

Exhibit 66

Services Other Than of Local Organization

3679

3. The cost of any other services required, wherever and by whomsoever rendered, including any incidental, traveling and living expenses incurred, excluding the cost of the services of our officers and of administrative, accounting and insurance services in New York and our office expenses in New York.

Payments to Sub-Contractor

4. All payments to sub-contractors for work done under our supervision. 3680

Payments for Your Account

5. Any charges paid by us for engineering services, as hereinbefore provided, and any other charges relating to said Contract Work, but not connected with work done by us hereunder, which we may pay at your request.

Other Costs

6. The cost of fire, liability and other insurance and of indemnity bonds, all interest and taxes, if any, paid by us, and all other disbursements and costs of any kind paid or incurred by us in the performance of our services under this contract, or resulting from or incidental to said Contract Work. 3681

Credits

3682

7. All interest on bank deposits, discounts, earnings of commissary, claims paid to us under insurance policies and indemnity bonds, and similar receipts by us in connection with said Contract Work will be credited to the cost of the work.

VI. TERMINATION

This contract shall continue in force until completion of said Contract Work and final settlement between us therefor; provided, however, that
3683 you shall have the right to terminate it prior to completion of said Contract Work, after reasonable notice in writing, by taking over all work being handled by us hereunder and making final settlement with us therfor as hereinbefore provided, including payment of compensation on the basis of all expenditures and commitments made up to the date of such settlement; and provided further, that we shall not be obligated to accept additional work hereunder in the event of termination or modification of the Service Contract at present
3684 effective between you and Electric Bond and Share Company and shall have the right to terminate this contract and to require settlement as hereinbefore provided in the event of termination of said Service Contract by your action.

VII. ACCEPTANCE

Your acceptance of this proposal, endorsed hereon, shall constitute it a contract between us, such

contract to bind and inure to the benefit of our respective successors and assigns, but not to be assignable by either of us, except to a successor corporation, without the prior written consent of the other. 3685

PHOENIX UTILITY COMPANY
By .....

ACCEPTED
.....

By..... 3686

3687

Exhibit 67

3688 **ACCOUNTING BULLETIN**

ELECTRIC BOND AND SHARE COMPANY
Operating Division

8-15-35

SUBJECT: DISPATCH OF REPORTS AND DATA TO OFFICE OF ELECTRIC BOND AND SHARE COMPANY

At the time various reports and data were recom-
3689 mended to client companies for their consideration and adoption, instructions were issued setting forth the number of copies of each to be dispatched, to whom they were to be addressed, and for the attention of whom they were to be marked.

As experience and changing conditions necessitated, revisions in these instructions were made through the medium of subsequent bulletins and correspondence.

In order to concentrate all of the instructions now in effect under one heading, we are outlining for your information the present report and data
3690 requirements essential to rendering the maximum service to client companies. The number of copies to be dispatched and the person or department to whom they will be distributed in New York by our organization are as follows:

Exhibit 67

REPORTS AND DATA TO BE DISPATCHED TO THE SPONSOR ACCOUNTANT

3691

ADVANCE INCOME DATA—FORM NO. 9148

Twelve copies of this form, together with the condensed letter of comments, should be dispatched to the Sponsor Accountant monthly who will distribute as follows:

1. Mr. C. E. Groesbeck
2. Mr. S. R. Inch
3. Mr. P. B. Sawyer
4. Mr. W. H. Burke
5. Mr. L. H. Parkhurst

3692

6. Operating Sponsor
7. Second Operating Sponsor
   (In the event there are two operating sponsors)
8. Commercial Department
9. (1) Mr. W. C. Lang
   (2) Statistical Department
   (The one copy furnished shall be for the use of both Mr. Lang and the Statistical Detartment)
10. Budget Department

3693

11. Sponsor Accounting Department
12. Consolidated Data Department.

The eleventh and twelfth copies of this form should have attached thereto copies of Form 9047 Rev 6-1-33—Statement of Intercompany Eliminations.

Exhibit 67

MONTHLY FINANCIAL AND OPERATING REPORTS

3694

Four complete copies of this report, together with four copies of the operating executive's letter, should be dispatched to the Sponsor Accountant monthly who will distribute as follows:

1. Sponsor Accounting Department
2. Engineering Department
3. Operating Sponsor
4. Second Operating Sponsor

(The fourth copy shall only be forwarded by those companies specifically requested to do so and by those who are now forwarding same)

3695

Four extra complete financial and operating reports for the month of December are required. Three of these reports should be dispatched to the Sponsor Accountant annually who will distribute as follows:

Consolidated Data Department
Statistical Department
Independent Auditors

3696

One of these reports should be dispatched to the Tax Department with the Federal income tax questionnaire as indicated on page 5 of this bulletin.

Nine sets of various forms which are part of the complete financial and operating report should be dispatched to the Sponsor Accountant monthly. The forms comprising the sets and to whom they

are to be distributed in New York by our organization are as follows: 3697

Set No. 1. Mr. C. E. Groesbeck
Set No. 2. Mr. S. R. Inch
Set No. 3. Mr. P. B. Sawyer
Set No. 4. Mr. W. H. Burke
Set No. 5. Mr. L. H. Parkhurst
Set No. 6. Statistical Department

Form No. 9001—9002
Form No. 9003—9004
Form 9061A
Copy of Operating Executive's Letter 3698

Set No. 7. Commercial Department

Form No. 9001—9002
Form No. 9003—9004
Form No. 9008—9014
Form No. 9036—9037
Form No. 9039—9040
Form No. 9061A
Copy of Operating Executive's Letter

Set No. 8. Rate Department 3699

Form No. 9003—9004
Form No. 9061A
Copy of Operating Executive's Letter

Set No. 9. Consolidated Data Department

Form No. 9001—9002
Form No. 9003—9004

Exhibit 67

Form No. 9046—9047
3700 Form No. 9006
Form No. 9061A
Copy of Operating Executive's Letter

There is attached a list* which shows those companies for which complete financial and operating reports are required and which also shows those companies for which complete financial and operating reports and the sets of various forms which are a part of the complete financial and operating reports, are required.

3701 *STORES REPORT—FORM NO. 9039*

One copy should be dispatched to the Sponsor Accountant monthly who will forward to Mr. W. P. McArdle.

CASH CONTROL AND CONSERVATION REPORT

Two copies of this report should be dispatched to the Sponsor Accountant monthly who will distribute as follows:

3702

1. Operating Sponsor
2. Sponsor Accounting Department

OPERATING BUDGET

Two copies of this budget should be dispatched to the Sponsor Accountant annually and at such

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* Omitted from this exhibit.

other times as may be deemed necessary. The Sponsor Accountant will distribute as follows: 3703

1. Operating Sponsor
2. Budget Department

SALES BUDGET

Four copies of this budget should be dispatched to the Sponsor Accountant annually and at such other times as may be deemed necessary. The Sponsor Accountant will distribute as follows:

1. Operating Sponsor 3704
2. Budget Department
3. Commercial Department
4. Commercial Department (Sales Sponsor)

CONSTRUCTION BUDGET

Three copies of this budget should be dispatched to the Sponsor Accountant annually who will distribute as follows:

1. Operating Sponsor
2. Budget Department 3705
3. Engineering Department

CASH BUDGET

Two copies of this budget should be dispatched to the Sponsor Accountant annually and at such other times as may be deemed necessary. The Sponsor Accountant will distribute as follows:

1. Operating Sponsor
2. Budget Department

Exhibit 67

MASTER BUDGET

3706

Four copies of this budget should be dispatched to the Sponsor Accountant annually and at such other times as may be deemed necessary. The Sponsor Accountant will distribute as follows:

1. Mr. S. R. Inch
2. Mr. P. B. Sawyer
3. Operating Sponsor
4. Budget Department

CONSTRUCTION BUDGET REPORT—FORM NO. 9153

3707

Three copies of this form should be dispatched to the Sponsor Accountant monthly who will distribute as follows:

1. Operating Sponsor
2. Budget Department
3. Engineering Department

STATEMENT OF FUNDABLE PROPERTY ADDITIONS

3708

One copy of this statement should be dispatched to the Sponsor Accountant monthly.

CASH SITUATION STATEMENT

One copy of this statement should be dispatched to the Sponsor Accountant monthly.

Exhibit 67

ANNUAL REPORTS TO STATE COMMISSIONS 3709

One copy of this report should be dispatched to the Sponsor Accountant at the time such report is filed with the Commission.

Note:

Reports to the Federal Power Commission covering licensed projects are not to be included in this classification.

REPORTS, QUESTIONNAIRES, ETC. TO ASSOCIATIONS, MAGAZINES, ETC. 3710

One copy of all reports, questionnaires, etc., should be dispatched to the Sponsor Accountant at the time of filing with such associations, magazines, etc., as Edison Electric Institute, American Gas Association, Electrical World, Electric Light & Power Magazine, Gas Age Record, etc.

REPORTS AND DATA TO BE ADDRESSED TO THE OPERATING SPONSOR

AMENDMENTS TO CONSTRUCTION BUDGETS 3711

Three copies should be dispatched to the Operating Sponsor who will distribute as follows:

1. Operating Sponsor
2. Budget Department
3. Engineering Department

Exhibit 67

REQUESTS FOR EMERGENCY APPROVAL—FORM NO. 9152

3712 Four copies should be dispatched to the Operating Sponsor.

REPORTS AND DATA TO BE DISPATCHED TO THE GENERAL ACCOUNTING SPECIALIST

REPORTS TO THE FEDERAL POWER COMMISSION

3713 Copies of annual reports, investment reports, license applications and any other reports or data required to be filed with the Federal Power Commission should be dispatched to Mr. C. B. Smith, General Accounting Specialist.

REPORTS AND DATA TO BE DISPATCHED TO MR. H. F. LASHER—TAX DEPARTMENT

FEDERAL INCOME TAX QUESTIONNAIRE

3714 One copy of this questionnaire together with a copy of the December financial and operating report should be dispatched to Mr. H. F. Lasher annually or at such other times as may be deemed necessary—marked for the attention of:

Exhibit 67

Tax Department

3715

MISCELLANEOUS

You were advised by means of our accounting bulletin dated July 30, 1935, that in order to qualify financial and operating reports, cash control and conservation reports and other types of reports as fourth-class mail, the designating of persons or departments for whom intended would have to be discontinued. In view of this it is suggested that you make no designation to persons or departments on any reports forwarded to this office as fourth-class mail. The reports may be 3716
mailed to one particular individual who will in turn arrange to have the proper distribution made. Data for the Sponsor Accounting Department should be addressed to the Sponsor Accountant for your Company, data for the Tax Department should be addressed to Mr. H. F. Lasher, and data concerning federal power accounting should be addressed to Mr. C. B. Smith.

CORRESPONDENCE

All correspondence in connection with questions 3717
relating to accounting principles, practice, and procedure should be addressed to the Sponsor Accountant for your Company. This should also include all questions of an accounting nature affecting the data contained in the financial and operating reports, but shall not include anything which applies to Federal Power Commission licensed projects.

Exhibit 67

All correspondence in connection with questions
3718 relating to accounting for Federal Power Commission licensed projects should be addressed to Mr. C. B. Smith, General Accounting Specialist.

All correspondence in connection with budgets, budget data, estimated figures, forecasts, and any other data relating to budgets or budgetary control should be addressed to Mr. Cowden Evans.

All correspondence in connection with tax questions or data should be addressed to Mr. H. F. Lasher.

All correspondence in connection with fees for
3719 general service, Ebasco billings, etc., should be addressed to Mr. Walter MacGowan.

GENERAL

In order that the reports and other data outlined in this bulletin may be of real benefit to those concerned with such information, it is very essential that the reports and other data be prepared and distributed as promptly as possible. We are outlining below for your information the dates of receipt in New York of such reports and other data
3720 that we have scheduled to meet our requirements for assisting your company:

Detail	*Date Required*
Advance Income Data—Form 9148	8th
Sponsor Accounting Department copy of Financial and Operating Report	12th
Other copies of Financial and Operating Reports	14th

Exhibit 67

Nine sets of various Financial and Operating Report forms	14th	3721
Manager's Letter	14th	
Cash Control and Conservation Report	14th	
Cash Situation Statement	14th	
Construction Budget Report—Form No. 9153	18th	
Statement of Fundable Property	20th	

Various reports and statistics are issued from time to time from the operating company office and from this office to meet the requests for additional information. In order to avoid the issuance of any 3722
conflicting data and to assist you in the preparation of such data we suggest that you call upon us to check and scrutinize all data of this nature before it is rendered in final form to the requester.

We are attaching, for your information, a chart* which shows the Operating Division Accounting Department of Electric Bond and Share Company.

ELECTRIC BOND AND SHARE COMPANY

Operating Division
C. P. Zimmerer 3723
General Auditor

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* Omitted from this exhibit.

Exhibit 68

FINANCIAL AND OPERATING REPORT

3724

COMMENTS RELATING TO PRINCIPAL CHANGES IN FINANCIAL AND OPERATING REPORT

Index

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* Omitted from this exhibit.

Exhibit 68

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Electric Operating Reports
Gas Operating Reports 3729
Distribution of General Office Division and Power Department General Expenses Form No. 9057 1-1-33

Exhibit 68

FINANCIAL AND OPERATING REPORT FORMS REVISED 1-1-33

3730

The following Financial and Operating Report Forms have been revised as of January 1, 1933:

Balance Sheet Forms

Form 9001 Rev 1-1-33 Comparative Balance Sheet —Assets

Form 9002 Rev 1-1-33 Comparative Balance Sheet —Capital Stock and Liabilities

3731

Analyses of Balance Sheet Accounts

Form 9041 Rev 1-1-33—
Front—Analysis of:
Investments in Affiliated Companies included in Plant Account
Plant Additions
Expenditure Requisitions
Back—Analysis of:
Miscellaneous Investments
Investments in Affiliated Companies
3732 Cash and Cash Items

Form 9042 Rev 1-1-33—
Front—Analysis of Notes and Loans Receivable

Back—Analysis of:
Accounts Receivable
Prepayments

Exhibit 68

Form 9043 Rev 1-1-33—
Front—Analysis of: 3733
Miscellaneous Current Assets
Reacquired Capital Stock
Sinking Funds
Special Funds
Special Deposits
Redemption Funds—Contra
Back—Analysis of:
Other Contra Accounts
Unamortized Debt Discount and Expense
Miscellaneous Suspense—Debit

Form 9044 Rev 1-1-33— 3734
Front—Analysis of:
Capital Stock
Long Term Debt
Dividends Declared
Notes and Loans Payable-General
Notes and Loans Payable-Affiliated Companies
Back—Analysis of:
Accounts Payable-Affiliated Companies
Taxes Accrued
Interest Accrued
Preferred Dividends Accrued 3735

Form 9045 Rev 1-1-33—
Front—Analysis of:
Miscellaneous Current Liabilities
Miscellaneous Accrued Liabilities
Matured Interest on Long Term Debt
Accrued Interest on Long Term Debt
Redemption Accounts—Contra
Other Contra Accounts

Exhibit 68

Back—Analysis of:
3736 Miscellaneous Suspense—Credit Reserves

Income Account Forms

Form 9003—Rev 1-1-33 Comparative Income Account

Form 9004—Rev 1-1-33 Profit and Loss—Surplus and Capital Surplus

Form 9046—Rev 1-1-33
Front—Analysis of:
Non-Operating Income
3737 Back—Analysis of:
Plant Rentals
Deductions from Gross Corporate Income

Form 9047—Rev 1-1-33 Statement of Intercompany Eliminations
Front—Analysis of:
Intercompany Operating Revenues
Intercompany Operating Expenses
Back—Analysis of:
Intercompany Plant Rentals
Intercompany Non-Operating Income
3738 Intercompany Deductions from Gross Corporate Income
Intercompany Dividends Received
Intercompany Dividends Paid

Operating Report Forms

Electric Department
Form 9008—Single Rev 1-1-33
Form 9008—Rev 1-1-33

Exhibit 68

Form 9009—Rev 1-1-33
Form 9010—Rev 1-1-33 3739

Gas Department

Form 9014—Single Rev 1-1-33
Form 9014—Rev 1-1-33
Form 9015—Rev 1-1-33
Form 9016—Rev 1-1-33

Form to be Abandoned

Back of Form 9047—Statement of Reconcilement of Accounts 3740

Comments Relating to the Principal Changes in the Financial and Operating Reports Revision 1-1-33

To facilitate the reading of the comments, we have subdivided them as they relate to the:—

1—Balance Sheet and analyses of balance sheet accounts.

2—Income Accounts and analyses of income accounts. 3741

3—Surplus accounts.

4—Operating Reports
Electric
Gas
General Expenses — Distribution to Operating expenses, construction and other companies.

Exhibit 68

It will be noted throughout the comments, that
3742 in some instances the accounts and their purpose are treated in greater detail than might appear necessary. This has been done to save the time of the operating and accounting officers for whose use they have been designed. It is to be hoped that after the forms have been examined, each operating company will promptly ask those questions which arise, so that each company will be in a position to take full advantage of the material in the report from the beginning of the year.

All questions relating to accounting classifica-
3743 tions and forms should be addressed to the attention of the Accounting Sponsor.

Balance Sheet and Analyses of Balance Sheet Accounts—Changes and Explanations

Plant and Investments

In this section of the balance sheet, Account No. 3, Construction Contract Advances has been placed ahead of Account No. 4, Expenditure Requisitions in order to restore the numerical sequence and the caption of the sub-total of these two items has been
3744 changed to read, "Total Unfinished Construction."

Companies making Construction Contract Advances shall type the following data in the bottom section on the back of Form No. 9043 Rev 1-1-33:

Analyses of Construction Contract Advances

Balance at January 1
Advances, current year to date
Interest charged on advances, current year to date
Total debits

Exhibit 68

Property turnover, current year to date
Refunds of advances received 3745

Total credits
Balance at end of current month

An analysis of investments in affiliated companies included in plant account has been introduced on Form No. 9041 Rev 1-1-33. Where securities of a subsidiary are carried in the plant account of the parent company, it is essential that a definite record of these securities be kept. The information is necessary in the compilation of the consolidated balance sheet for the purpose of eliminating intercompany investments. 3746

It will not always be possible to report the book value of these investments, as their inclusion in plant account instead of in investments indicates that they have been acquired together with other property in plant account. In such cases, "Total book value" column should be left blank.

A few changes have been made in the Analysis of Expenditure Requisitions. To avoid confusion as to the treatment of salvage credits in this analysis, they have been included in the caption of the proper line and a reconciliation of gross plant retirements and net charges to Retirement Reserve has been added. 3747

Information relative to undistributed construction overhead has been added in the lower right corner of the sheet.

Charts on the next pages indicate the operation of Expenditure Requisition account as it relates to this report. Several methods of checking the correctness of some of the figures reported here and in the Analysis of Plant Additions, are suggested.

Exhibit 68

In revising the Analyses of Balance Sheet Ac-
3748 counts, they have been rearranged to follow as closely as possible, the order in which the accounts appear on the balance sheet.

The Analysis of Investments has been included in two sections, Miscellaneous Investments and Investments in Affiliated Companies.

The direct question, "Are dividends or interest being paid currently?" for which a column has been provided, will be of interest. This will enable the reader to ascertain immediately, whether or not the investments of the company are producing in-
3749 come. The question will be answered "yes" or "no".

Cash and Cash Items

Changes conform with amendments previously made to these accounts in the Explanations and Instructions for the Cash Control and Conservation Report dated April 30, 1932. The amended accounts as recommended therein, have been further modified to a slight degree in order to present what is considered a more logical arrangement for the
3750 group.

These new accounts are as follows:

5-1 Cash
5-2 Time deposits
5-3 Government and other short term investments
5-4 Special cash deposits (liabilities included in current liabilities)

Exhibit 68

Account No. 5-1. Cash

This account shall include cash in the company's vault and general bank accounts. It shall include both cash in company territory and in New York banks. 3751

Call loans have been included with cash on Form No. 9001 Rev 1-1-31. It is not anticipated that the operating companies will have such loans in the future but it is recommended that if money is lent on call, it should be carried in a separate account such as Account No. 5—5 and should be reported in the balance sheet on the blank line below Special cash deposits (liabilities included in current liabilities.) 3752

Account No. 5-2. Time Deposits

This account shall include cash deposited with a bank for a definite period of time in consideration of a stated rate of interest. Such deposits may be evidenced either by a contract or by a Certificate of Deposit.

This account shall also include Bankers' Acceptances. Bankers' acceptances shall be listed on Form No. 9041 under Analysis of Cash and Cash Items in the section for Time Deposits, by maturities and effective interest yield to maturity. 3753

Account No. 5-3. Government and Other Short Term Securities

This account shall include prime securities of the Federal, State, and Municipal governments and prime obligations of private corporations in which surplus funds of the Company may be invested temporarily and which may be readily marketed during the course of any business day without substantial loss.

Account No. 5-4. Special Cash Deposits (Liabilities
3754 included in Current Liabilities)

This account shall include special bank accounts subject to full control of the officers of the Company, the purposes of which are to liquidate current liabilities for payrolls, dividends, interest, maturities of indebtedness, capital stock or bonds called for redemption, or other obligations of the Company where such are to be paid directly by the company and not through fiscal agents.

This account shall not include deposits with fiscal agents for purposes outlined in the preceding
3755 paragraph. Deposits with trustees and other fiscal agents shall be included in Account No. 25, Special deposits, or in Account No. 26, Redemption funds—contra; and the corresponding liability shall be transferred from current liabilities to the appropriate sub-division of Account No. 77, Miscellaneous liabilities.

An analysis of Cash and Cash Items is included on the back of Form No. 9041 Rev 1-1-33. Provision is made to report separately cash in company territory, and cash in New York banks as on Form No. 9070, Analysis of Current Assets and Lia-
3756 bilities. Cash in company territory will include all cash and demand bank deposits except deposits in New York banks. Cash items shall be listed separately on Form No. 9041 Rev 1-1-33.

Notes and Loans

Notes and loans receivable——general has been subdivided into:

6-1 Notes and loans receivable——service and merchandise

6-2 Notes and loans receivable——others

Exhibit 68

It is also recommended that Account No. 6-1, Notes and loans receivable—— service and merchandise be subdivided as between government and municipal and other than government and municipal in order to facilitate the segregation called for on Form No. 9042, Analysis of Notes and Loans Receivable. This segregation and the request to indicate notes which have been pledged are the only changes in the Analysis of Notes and Loans Receivable. 3757

Account No. 6-1, Notes and loans receivable—service and merchandise shall include at cost of acquisition, warrants accepted by the Company either from the state or a subdivision of the state or warrants accepted from private individuals where they may be accepted by common consent in payment of current bills. In such cases where it is not feasible to list the warrants separately, the following information shall be included in the Analysis of Notes and Loans Receivable: 3758

1. Total amount of warrants on hand
   a. Face value
   b. Book value
2. Maturity dates
3. Interest rate
4. How redeemable
5. Whether or not they may be used in payment of taxes and current expenses.
6. Percent accepted in lieu of cash in payment of bills.

3759

No change has been made in Accounts No. 56 and 57, Notes and loans payable.

3760 The position of the analysis has been moved to the front of Form No. 9044 Rev 1-1-33 and it has been divided into two sections, one for Account No. 56, Notes and loans payable——general, and one for Account No. 57, Notes and loans payable——affiliated companies.

Accounts Receivable

3761 Changes in this section do not affect present practices or procedures. The caption "Accounts receivable——customers" has been changed to read "Accounts receivable——customers, service" as recommended in the Explanations and Instructions for the Cash Control and Conservation Report and "Accounts receivable——miscellaneous" has been changed to read, "Accounts receivable——miscellaneous, including merchandise" in order that no confusion may exist as to where merchandise balances, due or not due, are carried.

3762 The Analysis of Accounts Receivable on the back of Form No. 9041 Rev 1-1-31 was abandoned since it is no longer in use, having been replaced by Form No. 9073 in the Cash Control and Conservation Report. A new Analysis of Accounts Receivable has been provided on the back of Form No. 9042 Rev 1-1-33. This analysis conforms to the present scope of the account and includes the former Analysis of Interest and Dividends Receivable.

Subscriptions to Capital Stock

No change has been made in Account No. 15, Accounts receivable——subscribers to capital stock.

Exhibit 68

Form No. 9002 Rev 1-1-31 has been changed to conform to current practice by adding the words, "—instalments paid" to Account No. 51, Capital stock subscribed, in the section for Capital stock and capital liabilities. 3763

In the section for current liabilities, Account No. 65 "Capital stock subscribed——instalments unpaid," has been added the amount of which shall be equal to the amount reported for Account No. 15, Accounts receivable——subscribers to capital stock.

This division of Capital Stock Subscribed is necessary to offset Accounts Receivable——Subscribers to Capital Stock with a current liability in the same amount. 3764

Prepayments

No change has been made in this account. The Analysis of Prepayments has been moved from Form No. 9043 to Form No. 9042 Rev 1-1-33 and provision has been made to segregate Prepaid taxes, Prepaid insurance, Prepaid rents and Miscellaneous Prepayments with sub-totals for each group.

It should not be the practice of any company to accumulate a large number of miscellaneous prepayments. On the contrary small items of a prepayment nature should be absorbed at once into operating expenses as they occur thus obviating the repetition of explanations monthly in connection with such payments and reducing the volume of bookkeeping necessitated by the monthly prorating of many small items. 3765

Exhibit 68

Sinking Funds—Long Term Debt

3766 The words "Cash and accrued interest" have been added to the balance sheet caption, "Sinking funds", in order to make the caption more descriptive of its content. It is assumed that Account No. 22, Sinking Funds, will be subdivided as cash, accrued interest and securities. The balance sheet item, "Sinking funds—cash and accrued interest" shall include the balances in the sub-accounts for cash, accrued interest and securities other than the long term debt of the accounting company.

3767 Sinking Fund securities represented by long term debt of the accounting company shall be deducted on the balance sheet from the total amount in Account No. 52, Long Term Debt, and the deduction from each issue of long term debt shall be shown separately in the section for long term debt on the back of Form No. 9002 Rev 1-1-33.

The foregoing is in accordance with current practice and the addition to the balance sheet title is for the purpose of clarifying this procedure.

Miscellaneous Assets and Miscellaneous Liabilities

3768 Changes have been made in the section for Miscellaneous Assets. The section for Miscellaneous Liabilities is new.

These changes and additions follow the addition of accounts to the classification to provide for special deposits made with fiscal agents and not under the control of the officers of the company, for the payment of interest and dividends, for the redemption of long term debt at maturity or when

called for redemption, and for the redemption of callable capital stock which has been called for redemption. 3769

Account No. 25. Special Deposits

This account shall include deposits of money made with fiscal agents which deposits are not under the control of the officers of the company, for the payment of interest on long term debt which has not matured or been called for redemption.

This account shall also include deposits of money made with fiscal agents which deposits are not under the control of officers of the company, for the payment of dividends on capital stock which has not been called for redemption. 3770

Account No. 26. Redemption Funds—Contra

This account shall include deposits of money with fiscal agents which deposits are not under the control of the officers of the company, for the redemption of long term debt matured or called for redemption including principal, premium, and interest thereon.

This account shall also include deposits of money with fiscal agents which deposits are not under the control of the officers of the company, for the redemption of capital stock called for redemption including dividends thereon if such dividends are to be disbursed by the fiscal agent. 3771

Account No. 77-1. Matured Interest on Long Term Debt (Cash for Payment included in Special Deposits)

This account shall include the face value of
3772 matured bond interest coupons outstanding for the payment of which, a deposit has been made with a fiscal agent and is included in Account No. 25, Special Deposits.

This account shall be charged with the face value of bond interest coupons reported by the fiscal agent to have been paid and Account No. 25, Special Deposits, shall be concurrently credited therefor.

A monthly statement should be requested from the fiscal agent, to arrive in time for payments made during the current month to be recorded
3773 on the books. It may be necessary to request the fiscal agent to close this statement on the twentieth or twenty fifth of each month in order to obtain the information in time for reflection on the current balance sheet.

Account No. 77-2. Accrued Interest on Long Term Debt (Cash for Payment included in Special Deposits)

This account shall include the face value of unmatured bond interest coupons for the payment of which a deposit has been made with a fiscal agent
3774 and is included in Account No. 25, Special Deposits.

Credit shall be made to this account and concurrent debit shall be made to Account No. 68, Interest Accrued, upon the deposit of funds with the fiscal agent for the payment of bond interest.

This account shall be charged upon the maturity of the bond interest coupons and Account No. 77-1, Matured Interest on Long Term Debt (Cash for Payment included in Special Deposits) shall be credited.

Account No. 77-3. Redemption Accounts (including Principal, Premium and Interest)—contra. 3775

This account shall include the amount of principal, premium, and interest necessary to redeem long term debt matured or called for redemption when that amount has been deposited with a fiscal agent.

This account shall also include the amount of principal, premium and dividends necessary to redeem callable capital stock which has been called for redemption when that amount has been deposited with a fiscal agent.

When credits are made to this account prior to the redemption date, the amount of premium and unaccrued interest or dividend covered by the deposit, shall be suspended until the redemption date. 3776

This account shall be charged and Account No. 26, Redemption Funds—Contra, shall be credited with the amounts subsequently reported by the fiscal agent as having been paid. The remarks relative to Account No. 77-1, Matured Interest on Long Term Debt, concerning the necessity of obtaining prompt statement of payments from the fiscal agent, also apply here.

General 3777

Relative to the accounts discussed above under the caption Miscellaneous Assets and Miscellaneous Liabilities, entries shall be made on the books of account to record the deposit of funds with fiscal agents and the corresponding miscellaneous liability. This liability shall be carried on the books without regard to the fact that under the terms of the indenture or other agreement controlling, the

liability of the company to the holder of its security
3778 or bond interest coupon may cease upon the deposit being made with the fiscal agent.

However, where it is specifically provided in the indenture or other agreement controlling, that payment to the fiscal agent shall release the company from further liability, the amount of the deposit and the amount of the liability shall be reported in the Trial Balance but shall be omitted from the Balance Sheet.

It is recommended that when liability of the company for the payment of principal, premium,
3779 dividend, or interest has ceased through the operation of the Statute of Limitations, the fiscal agent be requested to return the amount therein involved.

Contra Accounts

Contingent assets and contingent liabilities have been prominently set forth on the balance sheet to assure the operating and accounting executives being fully informed as to the limit of liability of each individual company.

When a contingent asset is recorded on the books,
3780 concurrent credit shall be made to Account No. 78-2, Other Contra Accounts (credit).

When a contingent liability is recorded in the books, concurrent debit shall be made to Account No. 41, Other Contra Accounts (debit).

Special attention is invited to the back of Form No. 9002 Rev 1-1-33. Each operating and accounting executive should make it his special duty to insure the information being furnished to him complete each month. The cooperation of the legal department should be enlisted periodically to ascer-

tain if the company has any liabilities because of having guaranteed the payment of any obligation or 3781
because of having endorsed notes or collateral of any kind. It should also be ascertained that all assets are free and clear and have not been pledged.

Provision has been made for contra accounts to record transactions such as consignments of merchandise.

Full details should be furnished in the Analyses of Other Contra Accounts on Forms No. 9043 Rev 1-1-33 and No. 9045 Rev 1-1-33.

Preferred Dividends

3782

Beginning January 1, 1933, each operating company will accrue monthly, on its books of account, a proportionate amount of dividends on its preferred stock outstanding, when the payment of the dividends at the customary time may be reasonably expected.

For the first year during which dividends are accrued, Account No. 141-1, Preferred Dividends, will reflect 13 months dividend charges for those issues of preferred stock on which the dividend is payable February 1st and 14 months dividend charges for those issues of preferred stock on which 3783
the dividend is payable March 1st. Adjustment to a twelve months basis will be made on all financial statements published through the New York office.

This change necessitates the addition of two new accounts.

Account No. 35. Unaccrued Preferred Dividends Declared in Advance

The use of this account shall be limited to pre-

ferred dividends which are declared prior to the
3784 month during which the final accrual therefor is, or is to be made.

This account shall be charged with that portion of the amount of preferred dividends declared which is applicable to the month or months subsequent to the month during which it is declared.

This account shall be credited during each month of the dividend period with the portion of the balance therein applicable to that month, and Account No. 141-1, Preferred Dividends shall be charged.

Account No. 63. Dividends Declared

3785 To this account shall be credited the amount of any dividends which are declared.

Common dividends, when declared and credited to this account, shall be concurrently charged to

Account No. 141-2, Common dividends.

Preferred and second preferred dividends, when declared and credited to this account during the last month of the dividend period shall be concurrently charged to Account No. 69-1, Preferred Dividends Accrued.

3786 Preferred and second preferred dividends, when declared and credited to this account in advance of the last month of the dividend period, shall be concurrently charged as follows:

(a) An amount equal to the total amount accrued from the beginning of the dividend period to and including the month during which the dividend is declared, to Account No. 69-1, Preferred Dividends Accrued; and

(b) The remainder of the amount declared, to Account No. 35, Unaccrued Preferred Dividends Declared in Advance. 3787

This account, No. 63, Dividends Declared, shall be charged with the amount of dividend paid.

Account No. 69-1. Preferred Dividends Accrued

This account shall be credited during each month of the dividend period, with an amount which, together with the balance previously remaining therein, will equal the dividend requirements on the shares of preferred and second preferred stocks outstanding. 3788

Accrued dividends received from the purchaser of preferred stock sold between dividend dates shall be credited to Account No. 69-1, Preferred Dividends Accrued. Accrued dividends paid to the seller of preferred stock of the company repurchased between dividend dates shall be charged to Account No. 69-1, Preferred Dividends Accrued.

The amount of the monthly accrual which shall be charged to Account No. 141-1, Preferred Dividends, shall be sufficient to establish a credit balance in Account No. 69-1, Preferred Dividends Accrued, to equal the accrued liability for preferred dividends at the end of each month on the number of shares outstanding at the end of each month, except in the last month of a quarterly dividend period, when the balance in Account No. 69-1, Preferred Dividends Accrued, shall equal the amount which is to be transferred to Account No. 63, Dividends Declared. The computation of the accrual for the last month of a dividend period shall be 3789

based on the number of shares outstanding on the
3790 date as of which holders of record are entitled to receive the dividend.

When preferred stock is reacquired by the company from employees or from full paid customer subscribers and such stock has been transferred in the name of a nominee and held for resale, the nominee will be a holder of record. The nominee in whose name the reacquired stock is temporarily held will execute a standing dividend order directing that dividends on all stock in his name be paid to the company. To make it unnecessary to apply
3791 an adjustment to Account No. 141-1, Preferred Dividends during the month in which such dividends are received by the company, the charge in the monthly entry crediting Account No. 69-1, Preferred Dividends Accrued shall be divided as between Account No. 141-1, Preferred Dividends and Account No. 9, Accounts Receivable—Miscellaneous (name of nominee) so that the latter account at the end of any dividend period will contain a charge for which the company will be reimbursed upon receipt of the dividend check.

Accrual of preferred or second preferred divi-
3792 dends shall be made only when the payment of the dividend at the customary time may be reasonably expected.

Analyses of Dividends Declared and Preferred Dividends Accrued have been provided on Form No. 9044 Rev 1-1-33.

Suspense Accounts

No debit balance shall appear at the end of any month in Account No. 33, Clearing or Apportionment Account.

Exhibit 68

Account No. 34. Miscellaneous Suspense—Debit

This account shall include all debits not elsewhere provided for, and shall also include all debits, the proper final distribution of which is uncertain. Whenever the proper distribution of any charge to this account is determined, this account shall be credited and the appropriate account shall be charged. 3793

This account shall include unamortized lease improvements.

This account shall not be used to carry unauthorized construction work. Proper control requires that all construction shall be performed under the scope of the Expenditure Requisition System and the Construction Budget. 3794

This account shall not be used to defer maintenance charges. Such charges shall be charged to operating expenses as they occur.

Account No. 74. Contributions for Extensions

This account shall include non-returnable contributions of money or property made to the company as an inducement for the establishment or extension of service where the necessary investment is not otherwise warranted by prospective revenues from the customers or territory to be served. 3795

This account shall be charged at the end of each calendar quarter with the amount therein and Account No. 144, Miscellaneous Credits to Profit and Loss—Surplus, shall be credited except where the regulatory authorities provide otherwise.

Account No. 79. Miscellaneous Suspense—Credit

This account shall include all credits not else-

where provided for, and shall also include all
3796 credits, the proper final distribution of which is uncertain. Whenever the proper distribution of any credit to this account is determined, this account shall be charged and the appropriate account shall be credited.

This account shall not include credit balances in equalization accounts. Such balances are operating reserves.

General

The number and value of suspense items, both debit and credit, should be kept to a minimum. An
3797 excessive amount of suspense items impairs the value of the financial statements and increases the burden of bookkeeping labor. Particular effort should be made to clear these items as far as possible, by the end of each calendar quarter. It is urged that the Accounting Officer of each company make it a part of his personal monthly routine to investigate and to require explanations of any item appearing in these accounts for more than one month.

Contractual Obligations

3798

Two new accounts have been added to record the obligations which may be created or assumed by the company in connection with the acquisition of property or otherwise.

Although a contractual obligation may be evidenced by a note payable, there is an important distinction between the two. A note payable represents the direct borrowing of funds by the company and its presence on the balance sheet reflects on the cash position of the Company. A contractual ob-

ligation represents a liability which the company creates or assumes in order to complete a transaction, generally because it is attached to a property acquired. 3799

Account No. 54. Contractual Liabilities

This account shall be credited with the amount of liability of the company for the payment of money as evidenced by note or otherwise, or for the surrender of property or other consideration of value, in accordance with the terms of any contract or agreement into which it has entered, when such obligation is, under the terms of the contract or agreement, to be performed at a date more than one year after the date of entry. 3800

This account shall be charged with the amount of any obligation which has previously been credited thereto, at a date one year prior to the maturity of the obligation; and Account No. 55, Contracts Payable, shall be credited.

Account No. 55. Contracts Payable

This account shall be credited with the amount of the liability of the company for the payment of money as evidenced by note or otherwise, or for the surrender of property or other consideration of value, in accordance with the terms of any contract or agreement into which it has entered when such obligation is, under the terms of the contract or agreement, to be performed at a date not more than one year after the date of entry. 3801

This account shall also be credited with the amount concurrently charged to Account No. 54, Contractual Liabilities, at a date one year prior to the maturity of any obligation included therein.

3802 This account shall be charged with the amount of any obligation herein upon the fulfillment by the company of, or upon the release of the company from the terms thereof; but any contingent liability remaining to the company after the assumption of the obligation by another company or individual, shall be expressed in Account No. 78-1, Guarantees, Endorsements, Contingent Liabilities.

Customers' Deposits

3803 A sub-total has been provided for Customers' Service Deposits and Customers' Extension Deposits.

Reserves

The title Inventory Shrinkage Reserve has been changed to Inventory Adjustment Reserve.

Accounts No. 76-1, Inventory Adjustment Reserve and No. 76-2, Uncollectible Accounts Reserve have been included in the classification and as separate items on the balance sheet. They are of interest in connection with the balances in Accounts Receivable and Materials and Supplies.

3804 Accounts No. 76-4, Transportation Expenses—Equalization, and Account No. 76-5, Purchase and Store Expenses—Equalization have been included in the classification of accounts. They are included in Miscellaneous Reserves on the balance sheet.

Reserves may fall into any one of the following classes:

1. Fixed capital reserves
2. Working capital reserves

3. Surplus reserves
4. Operating reserves 3805
    a. Operating expense reserves
    b. Operating income reserves

Fixed capital reserves include reserves such as for retirements, depreciation, depletion, and obsolescence.

Working capital reserves include reserves such as for inventory adjustment and uncollectible accounts.

Surplus reserves include reserves such as for general purposes, contingencies, sinking funds, and statutory requirements. 3806

Operating expense reserves include reserves such as for purchase and stores expenses, transportation expenses, maintenance, and casualty and insurance.

Operating income reserves are reserves of deferred income which include revenues billed in advance, ice coupons, and street railway tokens.

Those accounts intended ultimately to become accounts payable, such as accruals of Auditing or Legal expenses, shall not be treated as reserves but shall be included in Account No. 69-2, Miscellaneous Accrued Liabilities. 3807

In the Analysis of Reserves on Form No. 9045 Rev 1-1-33, columns have been added for credits and debits to the accounts during the twelve months periods.

Uncollectible accounts reserves shall be created through charges to operating expenses. Those reserves which include provisions for Accounts Receivable——Service, Miscellaneous, and Notes and Loans Receivable——General shall be created by

charges to Customers' Expenses. The reserve for
3808 Accounts Receivable——Merchandise shall be created by charges to Account No. 229-21 D Electric or Account No. 329-21 D Gas Uncollectible Accounts.

Uncollectible accounts reserves shall also include provision for accounts receivable due from banks which have failed and are in process of liquidation. Such reserves shall be created through charges to general expense account No. 2468 Other General Office General Expenses and so reported on Form No. 9007 Rev 2-1-31 General Office and General
3809 Expenses.

Surplus Accounts

Provision has been made on the balance sheet for reporting separately and in total, the balances at the end of each period, of Profit and Loss—Surplus and Capital Surplus.

Profit and Loss—Surplus (Earned Surplus) is the accumulated balance of revenues after the deduction of expenses, income charges, appropriations, dividends, and appropriate adjustments.

3810 Appropriate adjustments to Profit and Loss—Surplus (Earned Surplus) are items of non-recurring gain or loss from the sale or disposal of fixed assets and adjustments of income and expense properly applicable to the operations of some previous calendar year.

Capital Surplus is surplus arising from the excess value of consideration received for capital stock of the company over the legal accountability therefor, from property revaluations, from changes

in the par or stated value of capital stock or from donations not received as consideration for the extension of service. 3811

Back of Form No. 9002 Rev 1-1-33

Details of capital stock and long term debt have been removed from the Capital Stock and Liability section of the Balance Sheet to the back of the form.

It will be noted that the removal of these items has enabled us to set "Total Plant and Investments" on a line to correspond with "Total Capital Stock and Capital Liabilities", and "Total Current Assets" on a line to correspond with "Total Current Liabilities." 3812

On the back of the form, sections have also been provided for detail of Contractual Liabilities, assets pledged with the company, assets pledged by the company, and Guarantees—Endorsements—Contingent Liabilities. The value of having these last data readily available to the executive in detail, is apparent.

Income Account and Analyses of Income Accounts —Changes and Explanations 3813

The outstanding change on Form No. 9003 Rev 1-1-33, is the rearrangement of the columns to include year to date figures. To secure sufficient space, last year columns were omitted. Year to date figures are necessary in order to study and properly follow the budgets.

3814 The titles of a few income accounts have been changed.

Account No. 121, Miscellaneous Rent Revenues has been changed to read Non-operating rent revenues.

Account No. 125, Income from Special funds has been changed to read Revenue from Special Funds.

The caption, "Total Operating Income" has been introduced as the total of "Net Revenues from Operation" and "Net Plant Rentals——Credit."

The caption, "Net Non-Operating Revenues" has been changed to read "Total Non-Operating In-

3815 come."

Interest Charged to Construction—Credit

A major change in the Comparative Income Account is in the treatment of interest during construction. This item will hereafter be considered as a credit to Deductions from Gross Corporate Income instead of as Non-Operating Income.

Analyses of Income Accounts

3816 Forms No. 9046 and 9047 have been revised as of January 1, 1933 in order to bring them into conformation with the revised income account, to improve their clarity, and to increase their value.

Analysis of Non-Operating Income

No section is provided for Account No. 125, Revenue from Special Funds as this account is rarely used. When revenue of this nature has been earned,

it can be reported on Form No. 9046 Rev 1-1-33 in the Miscellaneous Non-Operating section. 3817

Interest during Construction has been omitted from Miscellaneous Interest Revenues in line with the revised classification.

Interest on Call Loans likewise, has been omitted because it is not anticipated that there will be any revenue from this source in the future. It may be inserted on a blank line by those companies which have had such revenue in the past two years where the decrease will be shown for the twelve months period.

In the Miscellaneous Interest Revenues section, Interest on Notes and Loans Receivable has been further subdivided. The value of the analysis in greater detail will be apparent. Provision has been made also, for reporting interest revenues on Cash Items. 3818

Interest on merchandise accounts receivable and merchandise inventories has been omitted from the section for Miscellaneous Interest Revenues as such interest will not be charged after January 1, 1933. Year to date, twelve months, and comparative figures will include such interest for another two years and it will be necessary to insert these figures with an appropriate caption. For this reason, Forms No. 9036 and 9037, New Business and Merchandise Reports for Electric and Gas respectively were not revised as the lines in the Merchandise account for interest expense are necessary in the twelve months and increase columns. 3819

Exhibit 68

Analysis of Plant Rentals

3820

These accounts have been removed from the Analysis of Deductions from Gross Corporate Income in order to conform to the revised classification. This analysis follows the Analysis of Non-Operating Income instead of preceding it, only because of the space requirements of the various items on the form.

Analysis of Deductions From Gross Corporate Income

3821 Considerable change has been made in this analysis on the back of Form No. 9046 Rev 1-1-33.

Interest cost has been stated in a way which is slightly different from the Income Account. Total Interest Charged to Construction—Credit, is subtracted from Total Interest Deductions to obtain Net Interest Deductions following the idea that interest on borrowed money devoted to unfinished construction projects, is charged to the cost of the project, in place of being charged to income.

Total Interest Charged to Construction—Credit is composed of two principal items:

3822

1. Interest during construction
2. Interest on construction contract advances

No section is provided for Amortization of Premium on Debt—Credit. This occurs so rarely that it is preferable to include it, when it occurs, as a separate credit item in the Amortization of Debt Discount and Expense section of the form and as a separate item on Form No. 9003 Rev 1-1-33 on one of the blank lines provided.

Exhibit 68

Form No. 9047 Rev 1-1-33—Statement of Intercompany Eliminations 3823

The Statement of Reconcilement of Accounts has been omitted from the back of this form as such detail is no longer considered necessary in the Financial and Operating Report.

Both sides of the form are given to the Statement of Intercompany Eliminations. The statement has been clarified and the more detailed analysis, while requiring no additional work in its preparation since the total number of items to be reported is unchanged, will give a much clearer picture of the nature of the intercompany transactions and will facilitate the consolidation of an income statement by departments and by general classes of electric and gas revenues. 3824

The arrangement of the amount columns conforms to that on Form No. 9003 Rev 1-1-33, Comparative Income Account.

Intercompany operating revenues are subdivided as to electric, gas, and other department operating revenues.

In the electric and gas departments, intercompany operating revenues from general business, from public utility, interchange and pipe line sales, and from miscellaneous revenues and merchandise —net are each segregated although no sub-totals for these classifications are shown. 3825

The operating revenue account to which the intercompany revenue is credited, governs the classification on this form.

It is desirable that it be indicated whether gas department revenues and expenses are manufac-

tured or natural gas. If a company sells both kinds
3826 of gas, a separate form should be used for each.

When an electric company has a charge against the gas department or water department of an affiliated company, the operating expense will be reported as an expense of the gas or water department and in the column captioned "For", the department of the selling company which was credited with the revenue will be clearly indicated. This will be apparent if the transaction covers the sale of electric energy but it may not be otherwise ascertainable, if it covers the rental of electric
3827 department property.

Intercompany dividends received are a part of non-operating income. However it is desired to give greater prominence and accessibility to this item. Therefore a separate section is provided for the purpose. The Total Intercompany Dividends Received shall be shown on one line in, and included in the total of the section for Intercompany Non-Operating Income.

Items which affect the supervision fee only and which have been reported on Form No. 9047, should no longer appear on this form but should be report-
3828 ed on a copy of Form No. 9055 (blank analysis form) and inserted in the report to follow Form No. 9047 Rev 1-1-33.

Surplus Accounts—Changes and Explanations

Form No. 9004 Rev 1-1-33, Profit and Loss—Surplus and Capital Surplus Accounts, has been revised, as follows:

Exhibit 68

1. New columns have been inserted to give figures for current Month This Year, Increase, and percent of increase. 3829

2. The line entitled "Profit and Loss—Surplus, beginning of period" has been moved from the first line to the line after "Net additions to Profit and Loss—Surplus." This has been done for greater convenience to make it clearer where the profit and loss—surplus, beginning of period is added to the net additions to profit and loss—surplus in order to arrive at the amount shown as Profit and Loss—Surplus, end of period. It should be noted that 3830 in the use of the "Current month" column, the "Profit and loss—surplus, beginning of period will always be the amount appearing in Profit and loss at the end of the preceding month. In the year to date column, and in the 12 months ended current month column the amounts shown will be those appearing in Profit and loss—surplus for the preceding fiscal periods as heretofore.

3. A line has been inserted to show "Balance before preferred dividends". With this 3831 improvement, it is possible to tell quickly the ratio of earnings as shown in Net divisible income to Retirement Reserve and Other reserve appropriations and to tell at a glance how many times the preferred dividends are earned.

4. Provision has also been made for showing 2nd Preferred dividends on a separate line.

3832 5. The word "appropriations" has been removed in connection with Preferred and Common dividends in accordance with the decision to accrue dividends in every case where preferred dividends are being currently paid.

6. Provision has been made for showing Capital Surplus and adjustments thereto, currently, during the year, and for 12 Months period ended each month. It is felt that it will be advantageous to have the changes in capital surplus permanently available in the report.

3833

7. Use the back of Form No. 9004 Rev 1-1-33 if space provided on the front of the form is insufficient for explanation of adjustments to Surplus Accounts. Group all debits to profit and loss—surplus under one heading and all credits to profit and loss—surplus under the other and insert the total of each group on the miscellaneous line on the front of the form. Make similar groupings for Debits and Credits to Capital Surplus. Give a brief but thorough explanation for each entry.

3834

Operating Reports—Changes and Explanations

Forms No. 9008-9009-9010 Rev 1-1-33. Electric Operating Report

The electric operating report has been improved to show sub-totals for general business in operating revenues, and in customers' and kilowatt hour statistics section. This change enables both the

operating and accounting department to make comparison of actual results with budget estimates more promptly, and it eliminates considerable clerical work in preparation and in consolidations. 3835

In the customers' statistics section the line heretofore used for showing the number of indirect customers has been eliminated, and it is suggested that those companies which may have indirect customers include such customers along with the total number of direct customers.

The unit of reporting energy sales in the statistical section has been changed from kwh to mkwh to conform to the unit used in reporting generating statistics on the power department report, and to facilitate the reading of same by executives. It also assists in quick posting and compilation of reports by the accounting department. 3836

The line, "average consumption per farm customer" has been omitted because there was not sufficient room left on the form. Where such information is desired, however, it may be readily computed from data appearing on the form.

There is no change in the section of the report for operating expenses.

Forms No. 9014-9015-9016 Rev 1-1-33. Gas Operating Report 3837

Revision of Gas Operating Report follows that of the Electric Operating Report. Sub-totals for general business were inserted before, instead of after the public utilities classification. To this subtotal for general business is added Public Utilities and Interdepartmental to arrive at Total Gas Sales.

The foregoing changes were made in the section
3838 for gas revenues, customers and gas sales.

There is no change in the section of the report for operating expenses.

Form No. 9057—1-1-33. Distribution of General Office, Division and Power Department General Expenses

This form has been designed for temporary use in the Financial and Operating Report beginning with the month of January 1933 to provide monthly the actual figures to be posted to the Operating
3839 Budget Form No. 9091—Estimate of General Expenses—All Departments—Distribution to Operating Expenses, Construction and Other Companies.

On page 19 of the Instructions for Preparation of Operating Budgets issued on Nov. 10, 1932, mention was made that the following information requested on Form No. 9091 was not then available in the Financial and Operating Report:

Sixth Section—Direct Divisional General Expenses—All Departments charged directly to construction

3840

Seventh Section—Power Department General Expenses charged directly to construction

This zinco-printed Form No. 9057 1-1-33 provides for the required information.

Where information for back periods is not available, careful estimates should be made.

After gaining experience with its use, a permanent plate will be made.

Exhibit 68

[Attached to the foregoing comments are the following forms, not printed in this exhibit, comprising the monthly financial and operating report: 3841

Balance Sheet
Income Account and Profit & Loss—Surplus
Operating Revenues—By Departments and Divisions & Towns
Operating Expenses—By Departments
General Office Expenses
Operating Reports
Electric
Power Department
Gas 3842
Gas Plant
Water
Railway
Motor Coach
Telephone
Steam & Hot Water Heating
Ice
Merchandise & Jobbing
Stores
Comparative Pay Roll
Analyses
Assets & Other Debits 3843
Liabilities & Other Credits
Income from Non-Operating Properties
Deductions from Gross Corporate Income
Statements
Inter-Company Eliminations
Physical Data
Trial Balance]

Exhibit 69

LETTER TO EBASCO COMMENTING ON OPERATING REPORT

3844

Mr. W. R. Putnam,
Ebasco Services Incorporated,
Two Rector St.,
New York, N. Y.

Dear Mr. Putnam:

We are pleased to submit the following comments on our Financial & Operating Report for the month of December, 1935:

3845

PLANT ACCOUNT AND INVESTMENTS

Plant Account increased $173,000, balance in Expenditure Requisitions increased $172,000, and Miscellaneous Investments increased $10,000. (Preferred Stock of Lyman Richey Sand & Gravel Company accepted in payment of service account.)

CURRENT ASSETS

3846

Increase of $220,000 as follows:

Cash & Cash Items	$ 132,000	Increase
Notes & Loans Receivable	2,000	Decrease
Accounts Receivable	34,000	Increase
Material & Supplies	60,000	Increase
Prepayments	5,000	Decrease
Miscellaneous Current Assets	1,000	Increase

Exhibit 69

CURRENT LIABILITIES

3847

Decrease of $152,000 as follows:

Accounts Payable	$ 41,000	Increase
Customers' Deposits	8,000	Increase
Miscellaneous Current Liabilities	7,000	Increase
Taxes Accrued *	208,000	Decrease
Interest Accrued	3,000	Increase
Miscellaneous Accrued Liabilities	3,000	Decrease

* Due mainly to transfer to Reserve Account, Federal Income tax over—accruals for years prior to December 31, 1933 in amount of $176,000.

3848

OPERATING REVENUES

Operating Revenues are up $42,000 or 7% in comparison with last year and are up $30,500 or 5% in comparison with the 1935 Budget Estimate. These differences are as follows:

3849

	Compared with last year	*Compared with Budget*
Residential	9% Increase	2% Increase
Commercial	7% Increase	4% Increase
Industrial	5% Increase	6% Increase
Farms	— Increase	3% Decrease
Government & Municipal	6% Increase	6% Increase
Public Utilities	13% Increase	23% Increase

Exhibit 69

3850	Miscellaneous Revenue	— Increase	— Increase
	Merchandise— Net	— Decrease	— Decrease

In spite of the rate reduction, Farm revenue shows a slight increase. This increase is due to greater consumption and increased number of customers.

OPERATING EXPENSES

3851 Operating Expenses are up $24,000 in comparison with last year. Production is up $13,800, Distribution and Utilization are up $700, Customers' Expense is down $4,300, because of lower accruals to Uncollectible Accounts Reserve, New Business is up $6,500, General is up $500 and Taxes are up $4,400. Maintenance is up $2,400. In comparison with the 1935 Budget Estimate, Operating Expenses are up $17,000 and is accounted for by Production, up $9,000 and New Business up $13,000.

3852 *COLLECTIONS*

There was an increase of approximately $5,000 in past due accounts, comparing December with November. This, however, is not an unusual situation in December. Collections as a whole are in very good shape.

Exhibit 69

CONSTRUCTION UNDER WAY AND IN PROSPECT

3853

Work authorizations were issued to serve 68 new farm customers during December, making a total of 372 new farm customers served since June 15th.

The City National Bank Building has elected to go on the new 4 KV primary rate, which will necessitate the construction of a transformer vault in the building for the installation of 1-100 KVA, 1-50 KVA and 2-37 ½ KVA.

Primary demand meters are being installed on the customers who have elected to take service under the 4 KV primary rate.

3854

The control battery at #12 Substation, 2314 "M" Street, is being replaced as it is eight years old and has deteriorated to the point where it is inadequate.

Three 225 KVA Sand-Pit Substations are being removed, as they are no longer required. Two are located at Meadow, Nebraska and one at Oreapolis, Nebraska.

RATES

3855

No further change in rates is contemplated.

NEW BUSINESS

During the month, 585 H.P. of new or additional power business with an E. A. R. of $20,700 was connected.

Exhibit 69

Large Contracts

			H. P.	E. A. R.
3856	Iowa Conservation Comm.	Dredge—Lake Manawa	465	$ 15,000
	W. O. W.	Radio Broadcasting	56	4,000
	Bavinger Elevator Co.	Grinder	30	600
	Safeway Stores	Refrigeration	4	400

Contracts in Prospect

3857	Independent Baking Co.	General Power	80	$ 1,000

During the month, the following new business was also connected:

Commercial Illumination	75 K. W.	$ 4,700
Commercial Cooking	36 K. W.	1,300
Air Conditioning & Ventilation	1 H. P.	100

MERCHANDISE

3858 Principal Items sold were as follows:

Items	*Quantity*	*Value*
Ranges	18	$2,800
Irons	252	1,600
Room Heaters	27	200
Domestic Refrigerators	19	4,200
Commercial Refrigerators	3	1,800

Exhibit 69

Vacuum Cleaners	97	4,400
Washing Machines	20	1,200
Lamp Bulbs	26,187	5,600
Other Sales and Services		19,400
		$41,200

3859

The Company's Gross Merchandise Sales for December amounted to $41,200, an increase of $1,900 or 5% over the same month last year. Range and refrigerator sales accounted for the increase.

During the year 1935, the electric refrigeration dealers in our territory, including the Nebraska Power Company, reported the sale of 5,726 domestic electric refrigerators. This is an increase of 164 machines or 3% over the figures reported for the year 1934.

3860

PUBLIC RELATIONS

Public Relations continue in good shape.

NEBRASKA POWER COMPANY
By J. E. DAVIDSON (Signed)
President

3861

Exhibit 70

REVISION OF REPORT FORM BY EBASCO

3862

EBASCO SERVICES INCORPORATED
Two Rector Street
New York

December 10, 1935

The year 1935 is rapidly drawing to a close and you are undoubtedly giving thought to the preparation of new records for the year 1936. This obviously prompts the question as to whether any changes are being contemplated for adoption January 1, 1936, which might affect such records and necessitate changes later on. As far as this office is concerned we are not contemplating suggesting any changes to be made effective January 1, 1936, concerning financial and operating report forms, cash control and conservation report forms, classifications of accounts, or the payroll report form 9040, except in the one case noted in the next paragraph.

3863

We are contemplating changing the new business and merchandise forms 9036—Electric, and 9037—Gas, in order to bring these forms more closely into line with the sales information which you have been preparing for budget purposes during the past two years, and to give effect to many valuable suggestions made by the operating company sales executives when this subject was discussed at the recent Ebasco Sales Conference in New York. It is our hope that the revised forms will be ready for distribution in about two weeks so that adoption can be made effective with the January, 1936, report.

3864

Any changes which we were contemplating suggesting with respect to a new form of payroll report, classification of accounts, etc., will be given further study during 1936, with the view to meeting such regulatory requirements as may be imposed in the near future, such as a revised classification of accounts, etc., and you will be advised at that time of any definite action which may be decided upon. 3865

Very truly yours,

C. P. ZIMMERER,
General Auditor

3866

EBASCO SERVICES INCORPORATED
Two Rector Street
New York

December 31, 1935

Dear Mr.

The Commercial and Accounting Departments of EBASCO SERVICES INCORPORATED have prepared a complete revision of Forms No. 9036, Sales and New Business Report—Electric, and No. 9037, Sales and New Business Report—Gas, effective January 1, 1936. 3867

There are enclosed a few copies of a booklet of instructions prepared to assist the Sales and Accounting Departments of each client company in the preparation of these new Sales and New Business Reports. This booklet contains reproductions of the revised forms.

Exhibit 70

3868 Use of the present New Business and Merchandise Reports (Revision of January 1, 1931) should be discontinued after the Financial and Operating Report for the month of December, 1935. The new Sales and New Business Reports should be prepared and should form a part of the regular monthly Financial and Operating Report beginning with the report for the month of January, 1936.

A supply of new forms may be ordered in the usual manner from Courier-Citizen Company, Inc., Lowell, Massachusetts.

Very truly yours,

3869

C. P. ZIMMERER,
General Auditor

Enclosures

3870

Exhibit 70

EBASCO SERVICES INCORPORATED
Two Rector Street
New York

3871

December 31, 1935

EXPLANATION

OF

SALES AND NEW BUSINESS REPORT FORMS

Electric — Form 9036
Gas — Form 9037

3872

Sales and New Business Report (Electric—Form 9036, and Gas—Form 9037) of the Ebasco standard monthly Financial and Operating Report has been revised, and such revision becomes effective January 1, 1936.

The revised Sales and New Business Report form is designed primarily to provide operating utility Sales Managers and chief executives with adequate, convenient information each month, so that they 3873
may control and supervise new business personnel, expenses and results more closely and easily. The form, as revised, also brings the monthly operating report of accomplishment of the company's utility sales and advertising programs, into harmony with the standard Ebasco Sales Budget set-up, which has been in effect for the last two years, thus facilitating executive follow-up of Budget plans to insure that they are carried out as the budget year progresses.

3874 The revised form, furthermore, makes available certain operating and unit statistics which will permit evaluation of sales results as compared with sales costs, both for each individual company and for comparisons with other companies operating in similar territories. Aside from its current value as an executive tool for supervisory and operating purposes from month to month, the revised report will—over a period of time—make available information, trends and unit figures which will permit both better evaluation of the effectiveness of particular types of sales activities and also more efficient and productive planning of long-range sales programs.

3875 The revised Sales and New Business Report makes possible a close control and supervision of all sales operations, because it supplies concise information concerning such factors as Sales Personnel, Advertising, Sales Expense, Additional E A R Secured from Sales Projects, Merchandise Income Account, Merchandise Capital in Use, Merchandise Sales—both Company and Dealer, Commercial and Industrial Sales Contracts and Open Negotiations, Results of Current Active Sales Campaigns, and Miscellaneous Sales Statistics.

3876 Replicas of the revised forms 9036 and 9037, both front and back in each case, are shown on pages 3 to 6.

These explanations clarify the preparation and use of Revised Forms 9036 and 9037, and point out the specific tie-ins with the Sales Budget. Instructions are divided into the following sections, covering the various parts of the Revised Forms:

Exhibit 70

	Page
I—General Instructions	—
II—Front of Form	*
A—Class of Sales Employe	*
B—Class of Advertising	*
C—Merchandise Capital-in-Use	*
D—Customer Gain	*
E—Sales Expenses	*
F—Additional E A R Secured	*
III—Back of Form	*
A—Merchandise Income Account ..	*
B—Merchandise Sales	*
(1) Merchandise Unit Sales ..	*
(2) Merchandise Sales	*
C—Sales Contracts—Commercial & Industrial	*
D—Sales Statistics	*
E—Active Sales Campaigns	*

3877

3878

It is suggested that all questions and correspondence relating to accounting interpretation of revised Forms 9036 and 9037, or of these instructions, be directed to the respective Sponsor Accountant, c/o EBASCO SERVICES INCORPORATED, Two Rector Street, New York, N. Y.

3879

*Omitted in this exhibit.

Exhibit 70

I—GENERAL INSTRUCTIONS

3880

Sales and New Business Report Forms 9036—Electric and 9037—Gas (Revised) are to be prepared each month and included in the Financial and Operating Report.

Classifications of Personnel, Advertising, Sales Expense, Merchandise Income, Merchandise Sales, and E A R Secured are identical with or tie in very closely with corresponding classifications in the present Sales Budget. Instructions for the preparation of Sales Budgets should be reviewed in studying revised Forms 9036 and 9037, so that complete co-ordination with the Sales Budget may be obtained.

3881

Throughout revised Forms 9036 and 9037, *Drop the Cents.* Show figures in dollars only—*not the Nearest Dollar, but Merely Drop the Cents.* The only exceptions to this are that in the section on Sales Statistics unit figures for "Revenue per customer" should show dollars and cents and that in the section on Sales Expense data on "¢. per $ of E A R" should be reported in cents only and data on "$ per $100 of class revenue" should be reported in dollars and cents.

3882

Show % and ratio figures to the nearest unit only. *Do not use any decimals.* Adequate space has been allowed for entering all data provided cents and decimals are dropped. One exception to this general rule occurs in the section on "Advertising" where "% of Rev" should be carried to two decimal places.

The term E A R as used in these instructions and on the report forms means additional Estimated Annual Revenues.

Exhibit 70

Throughout the Sales and New Business Report, the caption "% of Quota" means "% of the corresponding amount for the corresponding period set up in the Company's approved annual Sales Budget as a Quota." One exception to this general rule occurs under "Active Sales Campaigns" where "% of Quota" refers to the specific quota set for individual campaigns. 3883

Data should be posted to the Sales Budget from Forms 9036 and 9037, and monthly comparisons of actual sales results, with budgetary objectives, should be obtained from both the Sales and New Business Report and the Sales Budget forms. 3884

3885

Exhibit 71

CASH SITUATION REPORT FORM AND INSTRUCTIONS FOR USE

3886

I THE REPORT FORM

CASH SITUATION

15,192 to 15,192

A—New York Commitments

Enter Disbursements to be made through New York Office:

3887

	Date Due	*Amount*
Interest on Bonds		
Interest on Floating Debt		
Sinking Fund Deposit		
Preferred Dividends		
Second Preferred Dividends		
Common Dividends		
Total		
Date will remit funds for above Total		

3888

Balance New York is asked to provide

B—Transfers of Funds to New York

Enter amount of cash available for transfer to New York in addition to remittances under "A"
Date

Exhibit 71

C—Drafts on New York

3889

Enter amounts required from New
York for local disbursements
State purpose of requirements

Date:

Will Draw
For

————Correct

————Approved

II PAMPHLET OF INSTRUCTIONS 3890

INSTRUCTIONS FOR USE IN PREPARING CASH SITUATION STATEMENT

Purpose

The Cash Situation Statement is designed to inform the New York Office the definite amounts of cash required by the Company from the New York Office for any and every purpose. The definite date or dates such money will be required must be shown, so that upon receipt by the New York 3891
Office each month of the Cash Situation Statement, knowledge will be available as to the definite dates and amounts of cash required from the New York Office during the period covered by the statement.

The Cash Situation Statement should be mailed each month to Mr. Walter C. Lang, Assistant Comptroller, Electric Bond and Share Company, 2 Rector Street, New York City.

Exhibit 71

Period Covered

3892 The statement covers a period of one month, from the 15th to the 15th. It should be prepared and mailed so as to reach New York on or before the 15th day of the month. The statement covering the period from the 15th of January to the 15th of February should be in New York on or before the 15th of January, and each subsequent statement should adhere as closely to these dates as possible.

Section "A"—New York Commitments

3893 Opposite the appropriate caption under this Section should be entered the dates and amounts of disbursements to be made by the New York Office for account of the Company during the period covered by the statement. Nothing should be shown under this Section other than those items covered by the printed captions, and these items should only be shown when they are to be paid by the New York Office for account of the Company. Payments to be made locally on account of any of these items should not be considered on the statement under this heading. The total of such com-

3894 mitments should be entered opposite the caption "Total". Directly underneath on the line headed—"Date Will Remit Funds for Above", should be entered the dates and amounts of cash, if any, which will be remitted from the local office to the New York Office to provide for the commitments shown. The only remittances to be shown here are those which will reach New York on or before the dates on which the commitments shown under Section "A" are payable. The total of such remittances should then be applied to the total disbursements, and if the total disbursements exceed the expected

remittances of cash to cover such disbursements, the difference should be brought down under the caption—"Balance New York is Asked to Provide". This will provide definite information to the New York Office as to what portion, if any, of the commitments payable through the New York Office will be remitted from the field, and what portion of these cash requirements will have to be provided for in New York. 3895

Remittances to New York under this Section should be made in New York Exchange payable to the remitting Company, and mailed or transmitted by wire, if necessary, to its New York Office. 3896

Section "B"—Transfer of Funds to New York

Under this Section should be entered the dates and amounts of cash, if any, which it is estimated will be available in the field for remittance to New York during the period covered by the statement, in addition to amounts to be remitted under Section "A". It should be borne in mind that if amounts are shown under this Section, the New York Office will expect remittances to be made in the amount and on the dates shown, unless previous advice is given to the effect that remittances will not be made as per schedule. 3897

Remittances to New York under this Section should be handled in the same manner as those provided for under Section "A".

Section "C"—Drafts on New York

This section of the statement is designed to reflect all cash which the field office will find it necessary to procure from the New York Office during the period covered by the statement, to provide for

local requirements. If the Company finds that
3898 it will be necessary to procure funds during the period for any purpose whatsoever from the New York Office, arrangements should be made with the local bank for drawing sight drafts on New York Office for such requirements. The dates and amounts of such anticipated drafts should be shown under Section "C". In addition to showing the dates and amounts, the general purpose for which such funds are required should be shown. It is not necessary to go into detail in this connection, but a general statement as to what the money is
3899 to be used for should be given, such as—"Construction", "Payment of local bills", "Payment of deferred bills", etc.

Drafts entered under Section "C" on this statement, when authorization has been received, should be drawn without exchange on the Company's New York account in case the Company making the draft maintains a bank account in New York. In all other cases drafts, when authorized, should be drawn on the Holding Company.

After mailing this statement to New York, if it is found that conditions have changed so that
3900 either more or less money will be required during the month, or the dates of such requirements have changed, advice should be given to the New York Office at once by letter or if necessary by wire, in order that the New York Office may have advance information as to the definite cash requirements each month of the local Company. The New York Office will expect and will be prepared to pay drafts which are listed on the Cash Situation Statement, and if it is subsequently found that the amounts shown as drafts to be drawn on New York are not required, advice should be given as soon as that fact is known, in order that these definite requests may be cleared from the records.

Exhibit 72

CASH CONTROL AND CONSERVATION REPORT

3901

SPECIMEN FORMS

EXPLANATIONS AND INSTRUCTIONS

CASH CONTROL AND CONSERVATION

REPORT

OF

3902

.....

MONTH OF

.....

193....

CERTIFIED CORRECT.....

DATE.....

APPROVED.....

DATE.....

3903

Cash Control and Conservation Report
Specimen Forms, Explanations and Instructions

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IV—Analysis of Accounts Receivable ..... *

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* Omitted in this exhibit.

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*Omitted in this exhibit.

Exhibit 72

Classification of Accounts for Cash Receipts and Disbursements and Text for Same ..... following page * 3913

Specimen Forms 9070, 9071, 9072, 9073 *
(These specimen forms are marked with the heading "Specimen copy, including line designations referred to in instructions" and are also marked throughout with reference numbers, letters, etc., which are used in the "Detailed Instructions for Preparation of Forms" on pages 11 to 37 inclusive) 3914

Copies of Forms 9070, 9071, 9072, 9073 *
(These are blank copies of the actual forms and do not show any of the reference letters, etc., inserted in the specimen copies of the forms which precede these blank copies in this booklet)

ELECTRIC BOND AND SHARE COMPANY
TWO RECTOR STREET
NEW YORK

April 30, 1932 3915

CASH CONTROL AND CONSERVATION REPORT

The four forms for a monthly Cash Control and Conservation Report which are listed below, to-

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* Omitted in this exhibit.

3916 gether with the suggestions and procedures for their introduction and use as set forth on the following pages, are presented to each operating company receiving the Supervision and General Services of Electric Bond and Share Company with the recommendation that they be adopted as standard practice, beginning with the month of May, 1932.

The four forms, of which zinco-printed advance copies are attached, are as follows:

Form 9070—Analysis of Current Assets and Liabilities

3917

Form 9071—Cash Receipts and Disbursements

Form 9072—Comparison of Cash on Hand and of Cash Receipts and Disbursements with Previous Forecasts of Cash Resources and Requirements

Form 9073—Analysis of Accounts Receivable —Customers

3918 It is requested that each Company forward a total of three copies of its Cash Control and Conservation Report (comprised of forms number 9070, 9071, 9072, and 9073) to Electric Bond and Share Company every month, one being addressed to the supervising Sponsor for the property, the second to the Financial Division of the Comptroller's Department, and the third to the General Auditor.

The four forms above listed, which comprise the proposed Cash Control and Conservation Report, have been designed to standardize the various re-

ports and procedures now used by the different properties for keeping track of cash balances and movements, so that they may be uniform for all Ebasco supervised properties. At the same time, they will be in addition to and will supplement the present standard monthly Financial and Operating Report and the present cash forecasting system which is based on form 8963, "Estimate of Cash Receipts and Requirements". 3919

The general purpose of the Cash Control and Conservation Report is,—

(a)—To place before operating executives the actual receipts and disbursements of their properties on a strictly cash basis, as distinct from an accrual basis. 3920

(b)—To facilitate comparison of such actual cash income and outgo with previous forecasts of cash resources and requirements.

(c)—To provide the necessary statements to indicate the tie-in and relationship between the accrual and the cash records. 3921

Present Financial and Operating Reports treat revenues, expenses, and reserves primarily on an accrual basis rather than on the cash basis now so vital. In the past, this has been justified. Uncollectible revenues have been very small, so that there has been little difference between revenues receivable and cash receipts. Now, however, due to impairment of customers' incomes, conversion of revenues billed into cash collected requires unusually

close attention and continued efforts by the operating organization.

3922

Likewise, reserves, including "Retirement Reserve" and, of course, "Surplus", while largely represented then, as now, by fixed property and not by cash, have been readily convertible in large part into cash by raising new money through sale of securities against such fixed property. Under the general economic conditions now prevalent, financing to raise new money for capital purposes is abnormally difficult and expensive.

The necessity for improving and standardizing reports of operations on a cash basis, just as has already been done with the accrual basis reports, is, therefore, apparent.

3923

Briefly, the four new forms, making up the Cash Control and Conservation Report, afford the following information:

Form 9070—Analysis of Current Assets and Liabilities

This form makes the tie between the present standard accrual reports and the new standard cash reports. A statement of cash alone, like an accrual report alone, is incomplete as an operating guide. It must be supplemented by an understanding of those cash liabilities which are definitely accruing even though not yet paid or immediately due.

3924

In effect, the whole "Current Position" must be watched intelligently. Accordingly, this form, which is a brief monthly analysis of current assets and liabilities, shows in addition to changes in cash and cash items for the month, the simultaneous

shifts in receivables, materials and supplies, prepayments, dividends declared, payables, accruals for taxes, interest, etc., and deposits from customers. Furthermore, as a memorandum statement for executive information, preferred and common dividend requirements are indicated on an accrual basis, so that the executive may get a complete picture of the extent to which his cash on hand is adequate for his current and near-future needs. 3925

Form 9071—Cash Receipts and Disbursements

This shows cash actually on hand at start and end of the month, gives excess cash at end of month above minimum bank balance requirements and details actual cash income and outgo during the current month and year to date. Receipts and disbursements are shown in sufficient detail to facilitate control by operating company executives. Items, however, are so arranged as to be readily grouped for comparison with the slightly broader classification in use in the established Ebasco system for forecasting cash resources and requirements for twelve months ahead. Furthermore, columns are provided for making an estimate of cash receipts and payments for one month ahead, using the same classification of items as for actual current month and year to date results, thus giving a more detailed picture of expected cash income and disbursements for the month immediately to come than is possible for the longer forecast. 3926 3927

Form 9072—Comparison of Cash on Hand and of Cash Receipts and Disbursements with Previous Estimates of Cash Resources and Requirements

3928 This provides for regular comparison of actual cash transactions and balances with those estimated in the forecast of Cash Resources and Requirements made on form 8963 at the first of the calendar year (which ties in with the annual operating and construction budgets) and also with those shown in the estimate made in the immediately preceding month on form 9071.

Form 9073—Analysis of Accounts Receivable—Customers

3929 Since earnings are not cash until collected, it is essential now to follow accounts receivable more closely than ever before, both to convert them to money quickly as they fall due and also to avoid placing false reliance from a cash standpoint upon those which may be "going bad". This form gives separately for Accounts Receivable—Customers, Service and Accounts Receivable—Customers, Merchandise Due;—(a) the details of billings and charges and of collections and credits during the current month, (b) an analysis, according to their age, of receivables outstanding at the end of the month, (c) a breakdown by operating company
3930 divisions of receivables classified as to age, and (d) trends of receivables during the latest 12 months.

This form, number 9073, supersedes the analysis of Accounts Receivable now made on the reverse side of Form 9041 (Rev 1-1-31) and, therefore, the back of the latter form should be left blank in the monthly financial reports hereafter.

Exhibit 72

An initial supply (sufficient for several months) of zinco-printed advance copies, like those attached, 3931
of each of the four new forms is being forwarded to each company to facilitate any necessary changes in present routines and to use in making reports for at least the months of May and June 1932. Permanent, plate forms will be printed later and each Company will then be advised to forward an order for its further requirements through the same channels used for securing standard financial report forms.

Inquiries dealing with the cash forecasting aspects of the new forms and procedure for cash con- 3932
trol or with comparisons of forecasts and actual results should be addressed to the Financial Division of the Comptroller's Department of Electric Bond and Share Company. Any questions with respect to accounting features, or to application of the forms in connection with existing book records on any particular property, should be directed to the General Auditor of Electric Bond and Share Company. In all cases, a copy should be sent to the supervising Sponsor.

CASH CONTROL AND CONSERVATION REPORT 3933

GENERAL SUGGESTIONS AND PROCEDURES

The following general suggestions and procedures are subdivided into five major parts, namely:

Exhibit 72

3934

I—Classification of Accounts for Cash Receipts and Cash Disbursements

II—Analysis of Cash Receipts and Cash Disbursements

III—Analysis of Current Assets and Current Liabilities

IV—Analysis of Accounts Receivable

V—Forecasting Cash Receipts and Cash Disbursements

3935

I—CLASSIFICATION OF ACCOUNTS FOR CASH RECEIPTS AND CASH DISBURSEMENTS

As a supplement to this Cash Control and Conservation procedure there is appended an Ebasco "Classification of Accounts for Cash Receipts and Disbursements" dated April 30, 1932, and a text of this Classification which shall be used as a guide for the distribution of cash receipts and cash disbursements.

3936 It should be borne clearly in mind that the necessary record of the movement of "Cash", which will hereafter be required, cannot be obtained in its entirety through the present Ebasco standard Classification of Accounts, adopted July 1, 1927. This standard Classification of Accounts is based on the accrual system of account keeping, while the information which is to be reported in the "Cash Control and Conservation Report" on Forms 9071 and 9072 relates to cash only as it is actually received and disbursed.

This necessitates the introduction of the new Classification of Accounts for Cash Receipts and Cash Disbursements and an analysis record based on such classification. The main difference, however, in the application of this classification, as distinguished from the standard classification of accounts, is that it will not be necessary in all cases to predetermine the classification of the cash receipts and disbursements. 3937

In effect the application of the account numbers recommended in the new Classification of Accounts for Cash Receipts and Disbursements will serve as a convenience for historical identification and as a help in development of an orderly routine in the accounting. Experience will undoubtedly dictate the necessity for minor revisions in the standard Classification of Accounts, the effect of which will be to minimize the initial difficulties which usually accompany the introduction of a new thought in accounting or a change in reports, such as the Cash Control and Conservation Report and procedure outlined in this booklet. 3938

3939

Exhibit 73

3940 # CONSTRUCTION BUDGET EXPLANATIONS AND INSTRUCTIONS FOR USE, AND SPECIMEN REPORT FORM

A. EXPLANATIONS AND INSTRUCTIONS FOR USE

ELECTRIC BOND AND SHARE COMPANY

Two Rector Street
New York

3941 October 1, 1931

CONSTRUCTION BUDGET

The Construction Budget forms listed below and the Construction Budget procedure set forth in the following pages are presented to each operating company, in the United States and in foreign countries, receiving the Supervision and General Services of Electric Bond and Share Company, with the recommendation that they be adopted as the Company's standard forms and procedure for the
3942 preparation and submission of Construction Budgets.

The use of these standard forms and procedure will, it is believed, be of assistance to the Company's own organization and management, will facilitate the services to be rendered to the Company by Electric Bond and Share Company, and will simplify consolidation of the Construction Budgets of the various operating companies in a Holding Company group for presentation to the Board of Directors of the Holding Company.

Exhibit 73

These forms and procedure supersede, beginning with the Construction Budget for 1932, Form 8072 and the budget procedure heretofore in effect. 3943

CONSTRUCTION BUDGET FORMS AND PROCEDURE

I. Forms and Exhibits to be included in Budget ..... Pages *

II. General Outline of Procedure ... Pages —

III. Details of Preparation of Forms.. Pages —

3944

I. FORMS AND EXHIBITS TO BE INCLUDED IN BUDGET

The forms to be prepared and included in the budget, and the names applied to these forms, are as follows:—

9149—Construction Budget Cover —
9150—Construction Budget Summary Sheet.. *
9151—Construction Budget Sheet ..... *
9152—Construction Budget Item Sheet ..... *

The budget in some cases will include as Exhibits:— 3945

Map of System ..... Notes on page —
Load and Capacity Chart ... Notes on page —
" " " " ... *

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*Omitted in this exhibit.

Exhibit 73

MAP OF SYSTEM

3946

A map is to be included in all Construction Budgets which provide for important transmission line extensions, substations, interconnections or new generating stations.

The map should show:

1. Principal generating stations
2. Important transmission lines
3. Important transmission substations
4. Important interconnections

3947

There should be clearly indicated on the map the location of proposed transmission line extensions, substations, interconnections or new generating stations.

The map may be adapted from any suitable existing map, or may be a sketch map prepared for the purpose.

LOAD AND CAPACITY CHART

3948

(See Specimen on Page —)

A load and capacity chart is to be included in all electric company budgets which call for authorization of increase in capacity in the Company's main system, either by installation of new generating units or by provision of facilities for interconnection with other systems. The chart need not be supplied when an increase in capacity is called for in isolated portions of the Company's system which are not operated in connection with its main system.

Exhibit 73

The chart should show the following curves and data for the Company's main system (not including isolated portions of its system which are not interconnected with its main system) :— 3949

Curve 1. *System peak,* by months for 10 years, (actual for past 7 years estimated for next 3 years) "System peak" means the maximum simultaneous one hour load on all generating stations and sources of purchased power.

Curve 2. *System peak—net,* for same period. 3950
"System peak—net" means gross system peak, as shown by Curve 1, less dump and/or secondary power sold. This curve is to be shown in addition to Curve 1 only if such sales have a substantial effect upon system peak.

Curve 3. *Total available system capacity,* for same period "Total available system capacity" comprises all station capacity which is suitable for use, firm purchased power and emergency capacity normally available from interconnections; all capacities to be on an actual hour peak basis, irrespective of name plate rating. 3951

Curve 4. *Total station capacity plus firm purchased power,* for same period.
This curve is to be shown only if emergency capacity normally available from

interconnections is sufficient to make this
3952 curve differ materially from Curve 3.

Curve 5. *Total available system capacity with largest unit out,* for same period. Show instead total available system capacity less necessary reserve, if largest unit is an inadequate measure of necessary reserve.

A tabulation on the chart sheet should show the name plate capacity and the actual total capacity
3953 of each generating station, the firm purchased power and the emergency capacity normally available from each interconnection, all as of the first of the budget year.

II. *GENERAL OUTLINE OF PROCEDURE PURPOSE OF CONSTRUCTION BUDGET*

The primary purposes of the Construction Budget are:—

1. To present for consideration and corporate
3954 approval the proposed addition and betterment program for the Company's properties, which presentation should include a clear statement of the purpose and necessity of each item and of the earnings and economies to be secured;

2. To set forth the cash requirements which this program entails;

3. To assist in the control of construction expenditures. 3955

After the Construction Budget has been prepared and approved by the management, procedure is to be as follows:

1. The tentative budget is to be forwarded to the supervising Sponsor not later than December 15th for review by and recommendations of Electric Bond and Share Company's organization, as provided in the Service Contract with the Company and for consolidation with the Construction Budgets of other operating companies in the same Holding Company Group. 3956

2. The Construction Budgets of the operating companies within a Holding Company Group, after giving effect to all revisions agreed upon with the respective managements, are to be presented to the Board of Directors of the Holding Company for the information of the Board in formulating a financial program and to enable the Board to offer recommendations to the subsidiary operating companies with respect to their Budgets. 3957 After the Construction Budget has been presented and passed on by the Board of Directors of the Holding Company, Form 9154 showing the recommendations of the Holding Company Board will be prepared and forwarded to the Operating Company. This form will constitute official notification to the Operating Company of the Holding Company's recommenda-

3958 tions and approval of the Construction Budget.[1]

3. The Construction Budget so recommended is then to be submitted promptly to the Company's own Board of Directors for its consideration and action.

The final Construction Budget, when approved by the Company's Directors, constitutes a general authorization for the budget program. No direct authorization for making expenditures or incurring
3959 commitments is given by the Construction Budget. Such direct authorization is contingent upon and is given only by Expenditure Requisitions prepared in accordance with the accounting regulations governing same and approved, under the authority of the Construction Budget, by the chief operating executive.

CONSTRUCTION BUDGETS TO BE PREPARED

3960 A separate Budget is to be prepared for each company which is expected to have construction

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[1]In 1936 construction budgets of the operating companies were not submitted to the boards of directors of the several holding companies as provided in the foregoing paragraph. Form 9154 "Construction Budget Recommendation", Exhibit 74, (which no longer provides for holding company approval) is executed by Ebasco and forwarded by it directly to the operating companies.

expenditures during the calendar year, whether such company is a direct subsidiary of a holding company or of an operating company. 3961

In the case of an operating company with subsidiaries, it is recommended that the individual budgets of the parent company and its subsidiaries be bound in one cover and that a consolidated budget summary for the group (on Form 9150) be included in addition to the individual budget summaries.

SCOPE OF CONSTRUCTION BUDGET

The Construction Budget is intended to cover the proposed program for expenditures of the following classes:— 3962

1. Construction, reconstruction and demolition work.

2. Maintenance work which is part of or incidental to construction operations.

3. Purchase of real estate, equipment and other property (not including additions to stores, that is, to materials and supplies account) excepting going utility systems. 3963

4. Investigation and engineering work for possible future construction undertakings.

Budget authorizations for each of these classes of work are intended to cover all elements of cost, including interest and taxes during construction. In some cases, for instance land held for construc-

tion, such interest and taxes may be the only ele
3964 ments of cost to be incurred during the budget year.

The Construction Budget is not intended to cover:—

1. Additions to plant account of a non-physical nature (organization, franchise, stock sales expenses, etc.).

2. Retirements from plant account not involving any expenditures (although Expenditure Requisitions providing for such retirements
3965 must of course be prepared and approved).

3. Additions to stores (materials and supplies account).

4. Acquisition of going utility properties.

NATURE OF CONSTRUCTION BUDGET AUTHORIZATIONS

The Construction Budget as finally approved gives authorization for expenditures on budget
3966 items for Proposed New Work only in the sense that it authorizes the management to have prepared and to approve Expenditure Requisitions covering such items, when and if the undertaking of the actual work becomes necessary. As noted on page 8, direct authorization for construction expenditures, whether of cash or of materials, and for incurring of commitments is given only by Expenditure Requisitions properly prepared and approved. In respect of budget items

for Uncompleted Work, the approved Construction Budget authorizes the management to proceed with completion of work covered by Expenditure Requisitions previously in effect. 3967

Budget authorizations apply solely to individual items of work as listed in the budget and cover only the amounts shown in the budget as applying to the respective items. A new item may not be substituted for one shown in the Budget, and an unexpended balance from one item may not be used to offset excess expenditure on another item.

Specific items in the approved Construction Budget which involve commitments for expenditures extending into subsequent years are authorized; (a) as to expenditures, only in the amounts scheduled in the budget to be incurred during the budget year; and (b) as to commitments for additional expenditures in subsequent years, to complete work under way at the end of the budget year, only to the extent that such commitments must necessarily be incurred during the budget year. 3968

If during the budget year it becomes evident that necessary expenditures in the year on any budget items will exceed those authorized by the approved budget, or that new items must be added, or that material changes must be made in previously approved plans for any budget item, supplemental, authorization through "Amendments to the Construction Budget" must be secured, as decribed on page 11. 3969

Unexpended authorizations from prior years expire at the beginning of the budget year, whether or not the work previously authorized has been started. Completion of work started prior to the

budget year, and re-instatement of work previously
3970 authorized but not started, must be submitted and reauthorized in the new Construction Budget.

The Construction Budget authorization of the Company at any time during the budget year consists of the authorization in the approved original Construction Budget (including any corrections made in January, as described below) plus the net increases or decreases in authorization in all approved "Amendments to the Construction Budget".

3971 *SUBMISSION OF CONSTRUCTION BUDGETS*

A. *Original Construction Budget.*

By "original" Construction Budget is meant the first budget submitted for the budget year.

Four copies of the original budget are to be forwarded to the supervising Sponsor, to arrive not later than December 15th preceding the budget year (one copy is for the supervising Sponsor, one for the Comptroller, one for the Sponsor Engineer and one for the Construction Department). The
3972 budget so forwarded is to carry the signed approval of the chief operating executive of the Company on each "Budget Sheet", Form 9151.

To meet the date of December 15th, it will be necessary, in estimating expenditures required for the completion of Uncompleted Work, to estimate expenditures made or to be made on such work during the December and possibly the November preceding the budget year. Inaccuracies in estimating these expenditures will result in corresponding inaccuracies in the estimate of expendi-

tures required to complete the work, and hence in the authorizations requested for the budget year. 3973
Consequently, there should be sent to the supervising Sponsor in January, after the record of actual construction expenditures in November and December are available, four copies each of corrected "Budget Sheets", Form 9151, and a corrected "Budget Summary Sheet", Form 9150, in which these inaccuracies are corrected and in which account is taken also of changes in the Construction Budget, if any, since the original budget was first prepared, which may have been agreed upon as between the supervising Sponsor and the Operating Company's executive officer and approved by 3974
the Board of Directors of the Holding Company as evidenced by receipt from the supervising Sponsor of Form 9154. It will *not* be necessary to send corrected "Budget Item Sheets", Form 9152, for items as to which the only change required is in the scheduling of expenditures between the budget year and the prior year (Lines H, I and N of Form 9152). The amounts shown by these corrected sheets will then constitute the officially approved budget program of the Company and no further approval will be required unless the differences 3975
between the amounts submitted in the original budget and those reflected by the corrected sheets are of such magnitude that additional approval is necessary. If such is the case, the supervising Sponsor will request that these differences be included in the First Amendment to the Construction Budget.

Exhibit 73

Note—Foreign Companies

3976

In the case of the Foreign Client Companies, on account of their greater distance from New York, and consequently the time required for correspondence to pass between them and the New York Office, as soon as their actual construction costs for November and December are known, they should forward corrected Forms 9150 and 9151 in which actual costs are substituted for those estimated. Such corrected sheets need not reflect changes in budget items that may have been agreed upon between the
3977 Field Manager and the supervising Sponsor, since the original budget was submitted as changes of this nature will be made by the New York Office.

B. *Amendments to the Construction Budget*

The procedure for securing recommendations and approvals is to be similar to that described in page 8 for the original Construction Budget. Four copies of each proposed amendment are to be forwarded to the supervising Sponsor. Amendments to the Construction Budget will use the
3978 Cover, Form 9149, the "Budget Sheet", Form 9151, and "Budget Item Sheets", Form 9152, together with a statement as to how the cash required for the proposed amended budget program is expected to be provided (see page 17).

Amendments to the Construction Budget should be prepared and submitted at suitable intervals to provide for necessary increases or decreases in the construction program. Such an Amendment should cover all changes from the construction pro-

gram as previously authorized which can definitely be foreseen at the time the Amendment is prepared, including:— 3979

1. New items to be added.
2. Eliminations of items previously authorized.
3. Changes in character of or plans for items previously authorized.
4. Increases or decreases in estimated cost of items previously authorized.

Normally, Amendments to the Construction Budget should be prepared and submitted quarterly, although in some cases shorter intervals may be advisable. An Amendment should in any event be submitted sufficiently in advance of any important increase in construction program to permit of adequate consideration before undertaking the work. 3980

In case, during the budget year, it appears that the authorized cost of an item will be exceeded but that the excess cost will affect expenditures only in the following year, an additional authorization need not be obtained until the following year, but the fact of the probable over-run with the reasons for it should be brought to the attention of the supervising Sponsor. In case, however, the plans for an item are proposed to be substantially changed, with resultant substantial increase in cost, a new authorization must be obtained for the changed plans, whether the increased cost affects expenditures for the budget year or affects subsequent expenditures only. 3981

While regular authorization through an approved Amendment to the Construction Budget

should, wherever practicable, be secured before pro-
3982 ceding with any proposed new work not previously authorized in the budget, special authorization may at times be necessary, as for instance, (a) when unforeseen conditions may make necessary important increases in the construction program, and action may be required before authorization through a budget amendment can be received; and (b) when minor new items are needed which were not foreseen when the last budget authorization was secured.

In such cases, the Budget Item Sheet, Form
3983 9152, may be used for collaboration between the management and the supervising Sponsor precedent to decision to proceed with the work. Five copies of Form 9152, properly filled out for each such item and carrying the endorsement of the chief operating executive, should be forwarded to the supervising Sponsor for review and recommendations. In cases of unusual urgency, the essential data called for on this form can be communicated to the supervising Sponsor by telegram or telephone, and the forms mailed later. Any items of construction work so specially authorized
3984 should be covered in the next Amendment to the Construction Budget, along with other items appearing therein.

Operating emergencies, arising through storm, accident, etc., and requiring immediate action to protect property or to maintain or restore service, will, of course, be handled by the operating officials of the Company as the circumstances may demand, but if construction work is performed in such

cases, it should be covered in the next Amendment to the Construction Budget. 3985

CLASSIFICATION OF WORK

The original Construction Budget is to be arranged in two main divisions:

1. *"Uncompleted Work"*, comprising all work on which expenditures have been made prior to the Budget year, irrespective of whether or not the work has been authorized in the previous year's Construction Budget. (If an item of Uncompleted Work has not had prior budget authorization, the reason should be fully explained in the Construction Budget Item Sheet). 3986

2. *"Proposed New Work"*, comprising all work on which no expenditures have been made, irrespective of whether or not the work has been authorized in the previous year's Construction Budget.

Items of work to be included in the Construction Budget will be of three types: 3987

1. *"Specific" Items*, i. e. items of definitely specified extent and character, covering particular installations at a stated location, purchase of particular pieces of equipment, etc.

2. *"Revenue Blanket" Items*, i. e. general allowances for revenue producing extensions, such as electric line extensions to customers, trans-

3988 former installations for direct service to customers, gas, water or steam extensions to customers, meter installations and service connections to customers and street lighting extensions, where such extensions are to be made under definite and established rules of the company.

There shall also be included an item covering a general allowance for meters of standard types and capacities for installation on customers' premises. This allowance shall cover not only meters for new installations
3989 but meters for the usual replacements.

3. *"Minor Blanket" Items,* i. e. general allowances for minor items of property improvement, minor new equipment, minor reconstruction work and maintenance incidental thereto.

The Construction Budget should *not* include specific items which conditions later in the year may make necessary but the present necessity of which is uncertain, and it should not call for
3990 blanket authorizations to cover indefinite contingencies. In submitting the original Construction Budget, however, it should be accompanied by a statement from the management showing in such detail as may appear warranted, specific items or increases in blanket authorizations which may, under certain circumstances, be later called for as "Amendments to the Construction Budget".

Exhibit 73

PROCEDURE WITH RESPECT TO "REVENUE BLANKET" BUDGET ITEMS

3991

Separate Revenue Blankets should be provided for electric, gas, water, steam heat and telephone departments. For each such department as many separate Revenue Blankets may be provided as are considered advisable, but these separate Revenue Blankets should be so classified and defined that the entire cost of any particular customer's extension will be included in the same Revenue Blanket, with the exception of the cost of meters which are included in the "Revenue Blanket" item for meters. The special "Revenue Blanket" item provided for meters of standard types and capacities should apply to meters to be installed where a service installation is or has been made; it should include also the cost of meters to be installed in connection with line extensions.

3992

Non-revenue producing extensions and improvements are in no case to be provided for in a Revenue Blanket budget item, nor are any Expenditure Requisitions or other authorizations for such work to be applied against any Revenue budget item.

Individual extensions or projects which may be undertaken under and applied against Revenue Blanket authorizations in the budget are limited as to maximum size to $2,500. This means that each extension costing more than $2,500 (including line extension, meter, service and transformer, if involved) is to be listed in the original budget or in budget additions as a "Specific" item.

3993

For each Revenue Blanket budget item one or more corresponding Blanket Expenditure Requisi-

3994 tions should be prepared. All work covered by such a Blanket Expenditure Requisition should be done under and charged against one of the following three forms of subordinate authorization:—

1. A Subordinate Expenditure Requisition, applying to individual jobs estimated to cost between $1,000 and $2,500.

2. An individual Work Authorization, applying to particular jobs estimated to cost between $200 and $1,000, and to jobs estimated to
3995 cost less than $200 which involve any departure from established and approved routine procedure.

3. A Blanket Work Authorization, to which may be charged only individual jobs which are estimated to cost less than $200. The Company's practice should provide that there will be recorded some form of written approval for each individual job to be charged against a Blanket Work Authorization.

3996 The Budget Item Sheet, Form 9152, submitted in the original Construction Budget for each Revenue Blanket, should describe specifically the class of work which is intended to be authorized. In the case of a Revenue Blanket for customers' line extensions, the Budget Item Sheet should state briefly the Company's rule or rules as to ratio of estimated and/or guaranteed revenue to the cost of the extension. No extension not meeting the rules so set forth is to be undertaken except by written order of the chief operating executive.

Such Budget Item Sheets should state also the character and magnitude of individual jobs which: 3997

1. Require the approval of the chief operating executive,

2. May be approved by other Company officials (particulars should be given),

3. May be done under each type of subordinate authorization noted above.

PROCEDURE WITH RESPECT TO "MINOR BLANKET" BUDGET ITEMS 3998

"Minor Blankets" may be provided to cover minor items in each principal subdivision of the Construction Budget (Subdivisions are shown on Budget Summary Sheet, Form 9150, and in "Order of Items in Construction Budget", page 36). No Minor Blanket budget item should apply to more than one of the principal subdivisions noted. More than one such Minor Blanket may be provided for one such subdivision, if considered advisable.

Minor Blanket budget authorizations are limited, as to the maximum size of individual jobs which may be undertaken under and applied against them, to $1,000, but are generally intended for items of much smaller amount. Jobs involving less than $1,000 should be listed in the budget as Specific items in all cases where they are not clearly covered by and properly chargeable under a Minor Blanket classification, or where the conditions or character of the work are unusual. 3999

Exhibit 73

4000 Authorization for work which is to be applied against a Minor Blanket budget item may be given by an individual Expenditure Requisition applying to a particular item of work, or by a Blanket Expenditure Requisition. All work covered by a Blanket Expenditure Requisition should be done under and charged against one of the following two forms of subordinate authorization:—

1. An individual Work Authorization applying to particular jobs estimated at cost between $200 and $1,000, and to jobs estimated to
4001 cost less than $200 which involve any departure from established and approved routine procedure.

2. A Blanket Work Authorization, to which may be charged only individual jobs which are estimated to cost less than $200. The Company's practice should provide that there will be recorded some form of written approval for each individual job to be charged against a Blanket Work Authorization.

4002 The "Budget Item Sheet", Form 9152, submitted in the original Construction Budget for each Minor Blanket should describe specifically the class of work which is intended to be authorized. It should state the Company's practice with respect to the approval required for undertaking individual jobs to be applied against the Minor Blanket budget authorization.

Exhibit 73

III. *DETAILS OF PREPARATION OF FORMS*

4003

GENERAL DESCRIPTION OF FORMS

The information to be given in the Construction Budget will be presented mainly on the three forms included as pages 2, 3 and 4 of this folder. A brief description of these forms appears below, and following this description are detailed directions for preparation of each of the forms.

A. *Form 9150, Construction Budget Summary Sheet*

4004

The purpose of this form is to present:—

1. A classified summary of the Construction Budget to give a convenient overall view of the construction program proposed.

2. A statement of the commitments for additional costs which the proposed program, if approved, will involve in years subsequent to the Budget Year.

4005

3. A summary of actual construction costs for the two preceding years. This is to enable consideration of the proposed expenditures for the budget year with adequate understanding of their relation to the costs actually incurred for similar work during such recent past period.

4. A summary of cash required for the proposed construction program during the budget year

4006 and of available cash resources, showing to what extent the Company expects to be able to balance its construction budget out of its own estimated earnings for the budget year and to what extent, if any, the proposed construction program is dependent upon the raising of new money by sale of securities or by temporary loans, or by reducing its surplus funds.

4007 With Amendments to the Construction Budget, there is to be submitted, in lieu of Form 9150, a statement, similar to that described in paragraph (4) above, showing the estimated cash requirements of and the estimated cash resources available for the proposed total construction program for the budget year as changed by the budget amendment. Such statement should show the information called for on Lines 1 to 11 of Form 9150, and if desired Form 9150 may be used for the purpose. If Form 9150 be used, only Lines 1 to 11 need be filled out.

B. *Form 9151, Construction Budget Sheet*

4008 These "Construction Budget Sheets", when the budget is finally approved, will constitute the official Construction Budget. As such they will carry the endorsements of approval.

The purpose of this form is to show for each budget item, and also in budget totals, the construction costs to be authorized and certain other important data. Form 9151 provides spaces for showing:—

Exhibit 73

1. The present estimated cost of the work for which authorization is requested, and the increase which this present estimated cost represents over previous authorizations. 4009

2. An estimated cost schedule showing a subdivision of the total cost to be incurred between (a) cost incurred prior to budget year, (b) cost to be incurred in budget year, and (c) cost, if any, to be incurred after budget year.

3. The amount estimated to be done by general contract in the budget year, whether by an associated construction company or by other general contractors. 4010

4. Cash required in budget year.

5. The estimated distribution of the costs to be incurred for the proposed budget items as between (a) plant account ("Property Additions" less "Property Retirements"), (b) retirement reserve, and (c) maintenance.

4011

In the original Construction Budget, the sum of the amounts shown in the three columns under the heading "Estimated Cost Schedule" will equal the amount shown in the column under the heading "Present Estimated Cost". In Amendments to the Construction Budget, the amounts shown in the three columns under the heading "Estimated Cost Schedule" will equal the amount shown in the column under the heading "Increase over Previous Authorizations".

4012 In the original budget, and also in amendments, the net total of the amounts shown in the four columns at the left side of the sheet ("Property Retirements" being a subtractive item) will equal the amounts shown in the column under the heading "Present Estimated Cost".

C. *Form 9152, Construction Budget Item Sheet*

This form is the foundation of the Construction Budget. It affords a definite and concise means of itemizing the important considerations which affect each item of the budget, and is intended to pro-
4013 vide all concerned in reviewing and passing upon the budget (including the management, the supervising Sponsor, the technical, operating and executive staffs of Electric Bond and Share Company, and the Boards of Directors of the parent Holding Company and of the Company itself) with the necessary information for intelligent consideration of the proposed construction program and the expenditures required to carry it through.

Form 9152 provides for showing, for each budget item proposed, the following information:—

4014

1. The estimated cost of the work and an estimated cost schedule giving the periods during which this cost will be incurred.

2. The estimated cash required in budget year.

3. The estimated charges which will be made on the books of the Company against plant account, maintenance accounts and retirement reserve.

4. The additional revenues and the savings in expenses which are estimated to result directly from the work proposed. For many items these are the only or the principal justifications for the expenditures. 4015

5. The manner in which it is proposed to do the work, that is, whether by an associated construction company, by other general contractors or by the Company's organization.

6. The estimated dates of starting and completion. 4016

7. A description of the work proposed.

8. A presentation of the purpose and necessity of the work.

The whole budget is built up from the information on these Budget Item Sheets, Form 9152. Consequently, it is a basic necessity to the purposes of the budget as a whole that these sheets be prepared carefully and completely. Accuracy in the estimates to be given on these sheets determines the accuracy of the budget as a whole, and clearness and adequacy in the information to be shown, particularly in the statement of "Purpose and Necessity", are essential for intelligent consideration of the proposed construction program. 4017

PREPARATION OF FORM 9152 FOR ORIGINAL CONSTRUCTION BUDGET

1. Form 9152 is to be included for every budget item, whether Specific or Blanket. For items of

Uncompleted Work certain information may be
4018 abbreviated, as indicated later.

2. The form title (first line on the form) is to be filled out with the year to which the budget applies and with the number of the budget item. The directions for preparing Form 9151 explain the item numbering system to be used.

3. The entry *"This is a request for* etc" is to be made in the *original* budget as follows:—first, the two lower captions are to be stricken out leaving the caption *"Original authorization"* (this caption
4019 applies irrespective of whether or not the item has appeared in the budget for the preceding year); second, in the space following the $ symbol is to be entered the amount shown below on this form on Line I in the column headed "Present Estimate".

4. *Company*—The Company name is to be entered in the space to the left of the printed word "Company" above the ruled tabulation.

5. *Department*—The name of the department to
4020 which the item applies is to be entered in the space to the left of the printed word "Department". If the item does not fall into a departmental classification, the word "Department" should be stricken out and other appropriate designation either "General Buildings" or "General Equipment", should be written in.

As to distinction between "General Buildings" and buildings to be classified as a department facility:—(a) power houses, substations, gas plant buildings, carbarns, motor bus garages and other build-

ings used in connection with productive operation are to be classified as departmental facilities, together with operator's dwellings, small offices and garages, and other buildings to be used solely or principally in connection with the operation of such facilties; and (b) offices (general or district), show rooms, warehouses, store rooms, general garages, general machine shops, laboratories, etc., which are to be used for administrative, commercial or other general purposes, should be classified as "General Buildings", whether or not the Company has more than one department. 4021

As "General Equipment", it is recommended that there be included all office furniture and equipment, autmobiles, trucks, machine shop equipment, laboratory equipment, store room equipment, etc. which are to be charged to plant account; except where such equipment is to be used solely or principally in connection with the operation of some particular departmental facility, in which case it should be considered a part of that facility and reported under the department involved. 4022

6. *Date*—The space provided should be filled out with the date on which the Budget Item Sheet is prepared, which is not necessarily the same date as that which will appear on Form 9151 and on the budget cover. 4023

7. *E R No.*—The number or numbers of the Expenditure Requisitions which are to apply against the Construction Budget items are to be entered, if the E R's have been prepared and numbers assigned when the budget is prepared. This entry is

primarily for the convenience of the Company's
4024 local organization, it is not important to the purposes of the budget.

8. *Title*—The title should indicate concisely the nature and location of the work. In the case of generating station additions, the capacity should be shown. In the case of transmission and substation items, voltage should be indicated.

9. Note that throughout the ruled tabulation the captions printed in heavy faced type are merely *group headings* for the items which follow in light
4025 faced type. No money figures are to be entered in the columns opposite these heavy faced captions.

10. *Present Estimate*—The two columns headed "Present Estimate" refer to the estimates as made at the time the Budget Item Sheet is prepared, whether these are initial estimates or revisions of earlier estimates.

11. *Increase over Previous Authorizations*—In the original budget, this column is to be used only
4026 for items of Uncompleted Work and for items of Proposed New Work which were authorized but *not* started during the year preceding the budget year. "Previous Authorizations" means the amount of budget authorization in effect for the item at the end of the year preceding the budget year, comprising any authorization in the approved original budget for such preceding year, plus any increases or less any decreases provided in approved Amendments to the Construction Budget during that year. An entry in this column is to be in black if

the Present Estimate represents an increase over Previous Authorizations, in red if it represents a decrease. 4027

In preparing the *original* budget, this column need be filled but only for Lines A to G inclusive, or, if the Previous Authorizations did not segregate interest during construction, for Lines C to G inclusive.

12. *Estimated Cost*—"Estimated Cost" means the estimate of total book costs, after credit for salvage, which will be charged against the Expenditure Requisition or Expenditure Requisitions which are to apply against the budget item. This Estimated Cost 4028 is subdivided by Lines A to F on the form into "Property additions, gross", "Maintenance", "Removal cost", and "Salvage", and is totaled on Line G. The engineering estimates upon which the proposed budget item is based should be so prepared that the estimated cost can be subdivided in this manner. "Property additions, gross" means the cost of new construction, reconstruction, or other work which will ultimately be charged to plant account.

The caption "Property additions, gross" is merely a group heading for the lines A, B and C, and no 4029 money figures are to be entered opposite it.

Line A, "Cost excluding interest" means all costs for labor and material and all engineering, contractors' fees and other indirect or overhead costs, excepting only interest during construction.

Line B, "Interest during construction" means the amount of such interest which it is estimated will be set up in the Company's books as a part of the cost of the budget item.

4030 Line C, "Total property additions" shows the total of Lines A and B, that is—the aggregate amount of property additions, gross. The amount to be shown in the *entire* amount of property additions involved in the budget item, whether or not any portion has already been charged to plant account. (If a portion has been charged to plant account prior to the budget year, give the amount so charged in a footnote.)

4031 Line D, "Maintenance" means cost of work of a maintenance character, and ultimately chargeable to operating maintenance expenses, which is undertaken as a part of or incidental to construction work. (Maintenance work which is not done along with construction work is not to be included in the budget.)

4032 Line E, "Removal Cost" means the cost of removing old equipment or demolishing old structures previously charged to plant account. Such costs are usually incurred preparatory to or in connection with installation of new structures and equipment, but may at times be incurred when property is abandoned and removed without being replaced. In the latter case the only entries on Form 9152 under "Estimated Cost" would be on Line E, on Line F (if there be any salvage) and on Line G.

Line F, "Salvage" means the known or estimated salvage or scrap value of materials and equipment removed from an installation being replaced, reconstructed or abandoned, when such materials and equipment are not to be used in the new work

on the same job. Where salvage value is estimated, the estimate should be conservative. Note that Salvage as shown on Line F is a *credit* to the cost of the work. 4033

Line G, "Total Cost" shows the total estimated cost, that is the net total of the amounts on Lines C to F inclusive, considering Salvage on Line F as a deduction.

13. *Estimated Cost Schedule*—The three lines under this heading show the subdivision of the total estimated cost (Line G) between three periods.

Line H shows the actual costs incurred on Uncompleted Work up to the beginning of the budget year (Costs for the preceding December and possibly November must be estimated for the original budget.) 4034

Line I shows that portion of the estimated cost to complete the work which is scheduled to be incurred during the budget year.

Line J shows the estimated balance to complete the work in later years if it is not completed at the end of the budget year.

14. *Estimated Cash Required in Budget Year*— 4035

This group of entries is intended to show how much cash will be required for the budget item during the budget year. Line I above shows the estimated cost to be incurred, on a book basis, during the year. To obtain the cash required during the same period, certain adjustments to the book cost shown on Line I are required in cases where—

4036 (a) A portion of the cash required is advanced by a customer or by customers to be served from the facilities proposed in the budget item.

(b) Certain material is in stores or otherwise on hand and paid for which will be used on the work and not replaced. Such material would be charged against the book cost of the work, but it does not require new cash during the budget year.

4037 (c) When material is salvaged from property removed, the value of such salvage material would be a salvage credit against the book cost of the work, but since it does not reduce the amount of cash required on the particular project from which it is removed, it must be added back in making the adjustment from cost to cash.

4038 If there should be necessary any adjustments from cost to cash other than the three for which spaces are provided on the form, they should be taken into account in determining the amount to be shown in Line N and should be explained in a footnote. Note that, for purposes of the Construction Budget, interest during construction is considered to be a cash expenditure, and hence calls for no adjustment in estimating cash required on Forms 9151 and 9152. (See special instructions for the treatment of interest during construction on Form 9150).

Line K, "Customer advances" means all advances to be received from customers during the budget

year and applicable to the cost of the budget item, whether or not such advances are later refundable in whole or in part or are outright contributions. 4039

Line L, "Special Material Available" means material or equipment in stores or otherwise available which is to be used for the work covered by the budget item and is not expected to be replaced during the budget year with new stores material of the same or similar character. Do *not* show on Line L issues from stores of regular standard material unless it is intended to reduce permanently the amount of such material carried in stores.

Line M, "Special Material Salvaged" although the caption on Form 9152 used the word "Special" it means all material salvaged and will be the same amount as appears on Line F. When material is to be removed in connection with one budget item and reinstalled in connection with another, its salvage value (in this case its original cost, excluding original cost of installation) should be shown on Line M as "Special Material Salvaged" when making up the Budget Item Sheet for the project from which it is to be removed, and on Line L as "Special material available" on the Budget Item Sheet for the project on which it is to be reinstalled. In the event equipment or material is to be sold by one client company either to an associated company or to the public, the transaction should be treated as follows in Construction Budgets of the Buyer and Seller: 4040 4041

Buyer include in regular manner but state in note on Forms 9150, 9151, and 9152 that $

represents purchase of material from
4042 Company (affiliated or associated company). Seller should not include in Budget. Amount of sale price to be received, should be included as cash from receipts from regular business in the Cash Budget. However, if in connection with such sale expenditures (as for dismantling and removal) will be made by Seller of a nature as to make budget item necessary for such expenditures, this sale of material should be treated as salvaged material with note made on Forms 9150, 9151 and
4043 9152 to the effect that $ represents sale price of material to Company (affiliated or associated company) or public.

Line N, "Cash required" is obtained by starting with the amount shown on Line I, subtracting successively the amounts on Line K and Line L, and adding back the amount on Line M.

15. *Estimated Charges*—This group of entries is intended to show the estimated net additions
4044 to plant account and net charges against retirement reserve on the Company's books, which will arise out of the work covered by the budget item.

Line O, "Property retirements" means the amount which is to be written out of plant account to retire therefrom the book value previously included for property to be physically removed or demolished, as proposed in the plan covered by the budget item. It should be determined or estimated

on the basis of the Company's established accounting practice, being ordinarily the actual or estimated amount of the original capitalized cost on the Company's books of the property in question. Note that the amount to be shown is the entire amount of retirements from plant account involved in the budget item. (If a portion has been credited to plant account prior to the budget year, give amount so credited in a footnote.) 4045

Line P, "Net property additions" means the estimated final net increase in plant account, that is, total property additions, as shown on Line C, less property retirements, as shown on Line O. 4046

Line Q, "Net debits to retirement reserve" means the estimated net amount of the charge which ultimately will be made against retirement reserve in connection with the budget item. It is determined by adding removal cost, Line E, to property retirements, Line O, and deducting from their sum the salvage, Line F. The amount to be shown is the entire amount of such net debits involved in the budget item.. (If a portion has been charged to the retirement reserve prior to the budget year, give amount so charged in a footnote.) 4047

16. *Estimated Revenue and Saving*—The entries in this group are chiefly to express in money certain tangible benefits which will result from proposed expenditures and to develop from these money amounts certain ratios which will aid in determining the advisability of approving the proposed budget item.

Exhibit 73

Line R, "Estimated Annual Revenue Added" is
4048 to be a conservative estimate of additional revenue for the first year after the extension covered by the budget item is made. (The discussion of "Purpose and Necessity" should show how much of this revenue is guaranteed and whether material increase or decrease is expected in later years). Where the budget item provides for new and added revenue from an existing customer, only the estimated amount to be added is to appear on Line R, but note should also be made below under "Purpose and Necessity" of the amount of actual revenue
4049 already being received from the customer and which will continue to be received in addition to the new revenue to be added. If the obtaining of the added revenue shown involves any other costs of any kind in addition to the cost of the budget item, this should be clearly and completely set forth under "Description".

On the line just below Line R, compute the ratio of "Estimated Annual Revenue Added", Line R, to "Total Cost", Line G; express the result as a percentage figure; and post this figure opposite "% of Total Cost" in the column headed "Present
4050 Estimate".

Lines R and S are normally to be used only for budget items which provide for direct connections to revenue customers. If used for items of a different character, the discussion of "Purpose and Necessity" should indicate clearly the relation of the revenue to the item, and whether the obtaining of the revenue involves additional expenditures on some other item. In no case is the same estimated revenue to be shown as justification for more than one budget item.

Exhibit 73

Line S, "Net Annual Revenue at ....% Operating Ratio". The operating ratio to be used in determining "Net Annual Revenue" is to be entered in the blank space ahead of the % symbol in this caption. It should normally be the system operating ratio for the department involved. If some other figure is used as better representing the situation for the extension covered by the budget item (as for instance a large power load or an off-peak load), explanation should be given in footnote. 4051

After filling in the % operating ratio in the blank space, compute the amount of "Net Annual Revenue" by multiplying "Estimated Annual Revenue Added", Line R, by such percentage (thus getting estimated operating expenses applicable to the budget item) and subtracting the resulting figure from the amount shown on Line R. Then enter such "Net Annual Revenue at ....% Operating Ratio" on Line S in the column headed "Present Estimate". 4052

Line T, "Estimated Annual Saving in Expenses" is to be shown for all items where it is of material amount, even if this saving be only an incidental rather than a primary reason for recommending the expenditure proposed in the budget item. Whenever an amount is shown on this line, indicate the nature of the anticipated savings under "Purpose and Necessity" together with the basis for estimating their magnitude in the amount shown. All savings in expenses which are expected to result from any budget item should be computed or otherwise definitely estimated in money per year so far as possible and the amount so determined shown on Line T. 4053

On the line just below Line T, compute the ratio

of "Estimated Annual Saving in Expenses", Line
4054 T, to "Total Cost", Line G; express the result as a percentage figure; and post this figure opposite "% of Total Cost" in the column headed "Present Estimate".

Line U, "Return and Reserve on Cost of Item ....% of G". The percentage to be used and entered in the blank space ahead of the % symbol in this caption is to be such as to cover proper annual carrying charges for return on investment in the item and for adequate retirement accrual on the capital expenditure represented by such item. The
4055 rate of return and the percentage allowance for retirement may be the average amounts considered applicable to the Company's general system, except in special cases where the management may believe some other figures to be proper for a particular budget item.

When the percentage figure has been fixed as outlined in the last paragraph, the amount of "Return and Reserve on Cost of Item" is to be computed by multiplying "Total Cost", Line G, by such percentage and is to be entered on Line U in the column headed "Present Estimate".

4056 Line U and Line V are to be used only when Lines R and S and/or Line T are filled out.

Line V, "Balance of Net Revenue and/or Saving Available for General System" is to be computed by adding the amounts shown on Line S and on Line T and then subtracting from their sum the amount entered on Line U.

Line W, "Date of Expiration of Contract" is to show the expiration date of the contract with the customer for the new load and revenue to be

added. If such date is less than one year from the proposed date of connection, or if the expected revenue is not to be covered by contract, the conditions affecting its probable permanence should be stated in "Purpose and Necessity" and explanation given of terms under which the extension of facilities is to be made. 4057

17. *Estimated Amount Done by General Contract*—The two lines under this heading are to indicate what portion of the proposed work in connection with the budget item is to be done by an associated Construction Company or other general contractor. 4058

Line X, "Total Amount" is to show the following information. First, insert the initials or other identification of the contractor in the blank space on Line X, immediately following the words Total Amount. Next, if the contractor is an associated construction company, the amount to be shown on Line X in the column headed "Present Estimate" is to be the same amount which is shown in the corresponding column on Line G—Total Cost. That is, the entire estimated cost is to be shown of jobs for which all of the actual physical construction work is to be done by the Construction Company, irrespective of whether or not all of the charges will pass through the Construction Company's books. In the case of Blankets, if the Construction Company is expected to handle a portion of the individual jobs under a Blanket, but not all of such jobs, there should be shown on Line X the portion of the total which, on the basis of conditions as foreseen at the time the budget is prepared, it is estimated 4059

will be handled by the Construction Company. If
4060 the Construction Company is expected to handle only a part of the physical construction work on a specific budget item, the cost of that part should be shown on Line X.

If the contractor is a general contractor other than an associated construction company, the amount to be shown on Line X should correspond to the amount of the contract, that is, should exclude expenditures to be made by the Company in connection with the work.

Line Y, "In Budget Year" is to show that por-
4061 tion of the amount put on the preceding Line X, which is to be done during the Budget Year. In cases where the figure for Total Amount on Line X is the same as that on Line G, the figure to be shown on Line Y will be the same as that on Line I.

18. *Estimated Dates*—Line Z, Estimated dates for "Starting of Work" and for "Completion of Work" refer to the period during which the physical construction proposed in the budget item is to be scheduled and performed.

4062

19. *Description*—In this space there should be written a brief but comprehensive "Description" of the proposed work covered by the Budget Item. It should state concisely the location, type and capacity of apparatus, type, voltage and length of line, size of wire, etc. If necessary to proper understanding of the item, a sketch or drawing should be attached. The information to be given under "Description" is to make clear *what* work

or expenditures are proposed and *where* the project is located as distinct from *why* it should be undertaken. The question of *why* it should be done is to be answered separately under "Purpose and Necessity" below. 4063

20. *Purpose and Necessity*—This discussion should be as specific as possible. In general three questions are to be answered for every item:—

1. Why is the work necessary or desirable?
2. Why should it be done in the way proposed?
3. Why should it be done at this time?

4064

Particular attention should be given to bringing out the tangible benefits to be derived from the expenditure and to expressing them in money wherever possible.

If the primary purpose of the budget item is to increase general system capacity, the need for the increase should be made clear.

If the primary purpose is to increase capacity in a local district, past revenue growth and, if possible, load growth should be shown over a period of at least three years, the expected rate of future increase should be given, the period of future growth for which the budget item provides should be noted and also the completeness with which this particular budget item provides for this growth. 4065

If the primary purpose is to improve character or reliability of service, specific data should be given as to actual present voltage conditions, interruptions and complaints.

If the primary purpose is to reduce expenses

or to connect new load, such information, in addi-
4066 tion to that in the tabulation at the top of the sheet, should be given as may be necessary to a clear picture of the situation, in particular the duration of the saving in expenses, and the probable permanence and possibility of increase or decrease in the load should be discussed.

If it is possible to postpone the proposed work to a later date, the factors, pro and con, involved in such postponement should be noted. Work and expenditures which may be desirable but which are not actually necessary or which, under certain
4067 operating or other contingencies, may not be possible to undertake during the Budget Year, should be clearly ear-marked as such if recommended in the budget.

If less costly alternative to the plan proposed in the budget item are feasible, their relative merits and demerits should be pointed out.

In the original budget, for Uncompleted Work which has progressed to a stage where postponement is out of question, the discussion of "Purpose and Necessity" may be abbreviated or omitted. There should be noted in the "Description" of all
4068 items of Uncompleted Work the stage of completion attained, and under "Purpose and Necessity" the factors affecting possible postponement.

PREPARATION OF FORM 9152 FOR CORRECTIONS TO ORIGINAL BUDGET

1. Corrected copies of Form 9152 are *not* necessary in the January corrections to the original budget (see page 11) in the usual case where the

only change would be in the division of cost between the budget year (Line I) and the preceding year (Line H), with a correction of Cash required (Line N) corresponding to the correction in Line I. 4069

2. If, however, in the January corrections to the original Budget, any changes in plans or estimates are made for any budget items included in the original budget which would require changes in any other parts of Form 9152 than Lines H, I and N, then and in that case revised copies of Form 9152 for all such items should be included.

3. If and when such revised copies of Form 9152 are so required, they should be prepared in exactly the same manner as has been described for preparation of Form 9152 in the original budget, except that the word "REVISED" should be typed at the top of the sheet above the printed line "193 CONSTRUCTION BUDGET ITEM NO. ". 4070

PREPARATION OF FORM 9152 FOR AMENDMENTS TO THE CONSTRUCTION BUDGET

4071

1. Form 9152 is to be included in an Amendment to the Construction Budget for each budget item shown in the Amendment.

2. The words "FIRST AMENDMENT TO" are to be typed above the form title at the top of the form (or "SECOND AMENDMENT TO" etc. as the case may be), and the form title is to be filled out with the year and the budget item number.

Exhibit 73

3. The entry "THIS IS A REQUEST FOR
4072 etc." is to be made as follows:—first, the two non-applicable captions in the brackets are to be stricken out leaving "ORIGINAL AUTHORIZATION" if the budget item has not had previous budget authorization, leaving "INCREASE IN AUTHORIZATION" if the budget item has been previously authorized for a lesser amount than the new "Present Estimate" of total cost, and leaving "DECREASE IN AUTHORIZATION" if the budget item has been previously authorized at a greater amount; second, for an "Original Authorization"
4073 enter in the space following the $ symbol the amount shown on line I in the first column (headed "Present Estimate"); or for an "Increase in Authorization" enter the amount shown on Line I in the second column (headed "Increase over Previous Authorizations"); or for a "Decrease in Authorization" enter in black the amount shown in red on Line I in the second column.

4. The remainder of Form 9152 is to be prepared for an "Original Authorization" in an Amendment to the Construction Budget in exactly the same
4074 manner as has been described for the tentative Original Construction Budget; for an "Increase in Authorization" or a "Decrease in Authorization", it is also to be prepared in exactly the same manner except as specifically noted below.

5. The column headed "Increase over Previous Authorizations" is to be used for each budget item which calls for an "Increase in Authorization" or a "Decrease in Authorization" for work previously

authorized, and is to be filled out for all applicable lines, A to N inclusive. Increases are to be shown in black, decreases in red. 4075

6. The "Description" for an item calling for an increase or decrease in authorization should point out any change in character of work or in plans which may have developed since the corresponding Budget Item Sheet for the previous authorization was submitted.

7. The statement of "Purpose and Necessity" should include a clear presentation of the reasons for the change in authorization requested. If the change in authorization results solely from a change in Estimated Cost without material change in character of work or in plans, the reasons for change in Estimated Cost should be stated. If the change in authorization results from changes in character of work or in plans the factors which render such changes necessary or desirable should be set forth. 4076

PREPARATION OF FORM 9151 FOR ORIGINAL CONSTRUCTION BUDGET 4077

1. This "Budget Sheet", Form 9151, is a recapitulation of basic information given individually for each item on its respective Budget Item Sheet, Form 9152. Accordingly, its preparation consists primarily in posting the appropriate figures from the Budget Item Sheets, in proper arrangement and with such subtotals as may be needed for clear understanding of the budget as a whole.

Exhibit 73

2. *Year.* "YEAR 193.." is to be filled in with
4078 proper figure to designate the budget year.

3. *Approval.* The "Approved" spaces near the top at the left of the sheet are for such subordinate approvals as may be desired. The upper "Approved" space at the right is to carry the signature of the chief operating executive. The lower "approved" space at the right is to be reserved for noting, subsequently, the approval of the Company's Board of Directors.

4. *Company Name* is to be entered in the space
4079 to the left of the printed word "Company".

5. *Date Prepared* is to be entered to the right of the printed words.

6. *"Descriptive Title".* The title to be entered for each item in the space provided should be the identical title appearing on Form 9152.

7. *Order of Items* should be as shown in that division of this folder entitled "Order of Items in Construction Budget" appearing on page 36. As
4080 there shown, the items of Uncompleted Work should be listed first, then the items of Proposed New Work, following the order indicated within each of these two groups.

8. *Subtotal and Totals.* On Form 9151 subtotals and totals should be shown in each column as follows:

(a) Subtotal of items of Uncompleted Work for each department. 4081

(b) Total of items of Uncompleted Work for all departments.

(c) Subtotal of items of Proposed New Work for each department.

(d) Total of items of Proposed New Work for all departments.

(e) Grand Total at the end of the last sheet of Form 9151 used. 4082

9. *"Item No."* Budget items should be numbered consecutively starting with the first item of Uncompleted Work, using a new series of numbers each year. For Uncompleted Work, budget items will thus usually carry a different number from that used in the budget for the preceding year.

10. *Posting of Items from Form 9152.* For the *original budget,* items are to be posted to Form 9151 from Form 9152 as follows:

Column of Form 9151	Line and Column of Form 9152	4083
Property Additions	Line C	Present Estimate
Property Retirements	Line O	" "
Net Debits to Retirement Reserve	Line Q	" "
Maintenance	Line D	" "
Present Estimated Cost	Line G	" "
Increase over Previous Authorization	Line G	Increase
Estimated Cost Schedule		
Prior to Budget Year	Line H	Present Estimate
In Budget Year	Line I	" "
After Budget Year	Line J	" "
To be Done by General Contract		
In Budget Year	Line Y	" "
CashRequired in Budget Year	Line N	" "

Exhibit 73

Note the following cross checks on Form 9151 for
4084 the original budget, these cross checks applying both to items and to totals:—

(a) "Present Estimated Cost" equals the net sum of the four columns at the left of the sheet ("Property Retirements" being a subtractive item).

(b) "Present Estimated Cost" also equals the sum of the three columns under "Estimated Cost Schedule".

4085 11. *"To be Done by General Contract in Budget Year"*. In case the amounts posted in this column from the Budget Item Sheets, Form 9152, include both (a) work to be done by an associated construction company, and (b) work to be done by other general contractors, designate by asterisks in this column the particular items which are to be done by such *other* general contractors. In addition to the grand total for this column, which will appear on the last sheet of Form 9151 used, show in a footnote two other totals,—

4086 (a) Total to be done by Construction Company.

(b) Total to be done by other general contractors.

PREPARATION OF FORM 9151 FOR CORRECTIONS TO ORIGINAL BUDGET

Form 9151, in the January corrections to the original Construction Budget, is to be prepared in exactly the same manner as has been described for

the original Construction Budget, except that the word "CORRECTED" is to be typed at the top of the sheet above the printed title "CONSTRUCTION BUDGET—YEAR 193 ". 4087

PREPARATION OF FORM 9151 FOR AMENDMENTS TO THE CONSTRUCTION BUDGET

1. Form 9151 is prepared for Amendments to the Construction Budget in the same manner as has been described for the original Construction Budget except as described below.

2. The words "FIRST AMENDMENT TO" are to be typed above the printed title "CONSTRUCTION BUDGET—YEAR 193 " (or "SECOND AMENDMENT TO etc." as the case may be). 4088

3. The items should be entered in three groups (as set forth in detail in "Order of Items in Construction Budget" page 36)—

First—Items of Decrease in Authorization
Second—Items of Increase in Authorization
Third—Items of Proposed New Work

4089

Subtotals for each of these three groups should be shown for each column on Form 9151. Grand Totals should be shown only for the column headed "Increase over Previous Authorizations" and for the five columns to the right of that column. Grand Totals should not be shown for the four columns at the left side of the sheet or for the column headed "Present Estimated Cost".

Exhibit 73

4. *Posting of Items to Form 9151 from Form 9152 for Amendment*
4090 *to the Construction Budget*

Column of Form 9151	Line and Column of Form 9152 Original Authorizations		Increases or Decreases* In Authorizations	
Property Additions	Line C	Pres Est	Line C	Pres Est
Property Retirements	Line O	Pres Est	Line O	Pres Est
Net Debits to Retirement Reserve	Line Q	Pres Est	Line Q	Pres Est
Maintenance	Line D	Pres Est	Line D	Pres Est
Present Estimated Cost	Line G	Pres Est	Line G	Pres Est
Increase over Previous Authorizations	Line G	Pres Est	Line G	Increase
4091 Estimated Cost Schedule				
Prior to Budget Year	Line H	Pres Est	Line H	Increase
In Budget Year	Line I	Pres Est	Line I	Increase
After Budget Year	Line J	Pres Est	Line J	Increase
To be done by General Contract In Budget Year	Line Y	Pres Est		**
Cash Required in Budget Year	Line N	Pres Est	Line N	Increase

* Decreases are to be shown in red.

4092 ** The increase in estimated amount "To be Done by General Contra in Budget Year" over the amount estimated in the previous authorizati is not shown on the Budget Item Sheet, Form 9152, attached to the Amen ment to the Construction Budget. It should be obtained by referri to the corresponding Budget Item Sheet attached to previous authori tions.

Page Tightly Bound

Exhibit 73

Note the following cross checks on Form 9151 for Amendments to the Construction Budget, these cross checks applying both to items and to totals,— 4093

(a) "Present Estimated Cost" equals the net sum ("Property Retirements" being a subtractive item) of the four columns at the left of the Item No. and Title spaces.

(b) "Increase over Previous Authorizations" equals the sum of the three columns under "Estimated Cost Schedule".

PREPARATION OF FORM 9150 FOR ORIGINAL CONSTRUCTION BUDGET 4094

1. This Construction Budget Summary Sheet, Form 9150, is prepared in part from the information on Form 9151 and in part from other sources.

2. *Year.* "YEAR 193 " is to be filled in with the proper figure to designate the budget year.

3. *Company Name* is to be inserted in the space to the left of the printed word "Company".

4095

4. *"Date Prepared"* is to be entered to the right of the printed words.

5. *"193 —Construction Budget"* The proper figure to designate the budget year is to be entered in this heading and in the sub-heading at the head of the fourth column.

The amounts to be entered in the four columns under the heading "193 Construction Budget" and

4096 on the lines down to and including "Total General Equipment" are subtotals of items shown in the column of Form 9151 headed "Estimated Cost Schedule—In Budget Year", and these amounts are totaled on Form 9150 on the line "TOTAL CONSTRUCTION COSTS". The amount in this total line under the fourth column, headed "Total Budget 193 ", will be the same amount as the Grand Total of "Estimated Cost Schedule—In Budget Year" on Form 9151

6. *Commitments.* The amounts to be entered in the line "Commitments for additional costs after
4097 Budget Year etc" are subtotals and Grand Total respectively of the items shown on Form 9151 in the column headed "Estimated Cost Schedule—After Budget Year".

7. *"Actual Construction Costs During".* The sub-headings under this heading are to be filled out with the figures to designate (in the fifth column) the calendar year immediately preceding the budget year, and (in the sixth column) the second preceding calendar year. For the 1932 bud-
4098 get, the fifth column will be headed "Year 1931" and the sixth column "Year 1930". In the 1932 budget, the data for 1931 should, if feasible, be given in the full detail called for (with one or possibly two months estimated), but the data for 1930 may be given by department totals only, or by grand total only, if the details are not readily available. Note that the data called for are *not* plant additions, but are the construction costs incurred during the years named, whether by the Company's own organization

or by an associated construction company or by other general contractors. 4099

8. *Summary of Cash Requirements and Resources.* Fill out Lines 1 to 11 as described below, placing all amounts in the left hand column of the two columns shown opposite these eleven lines. The right hand column should be left blank for checking purposes.

Line 1. The amount to be shown is the total of column 4 above headed "Total Budget 193—".

Line 2. The amount to be shown is the difference between Line 1 and Line 3. 4100

Line 3. The amount to be shown is the Grand Total of the last column on Form 9151 headed "Cash Required in Budget Year", after deducting all Interest during Construction which is included therein.

Line 4. The amount to be shown is obtained from the Cash Budget (Form 8963-A) covering the same period. It should reflect the total "Net Cash Receipts from Regular Business" as shown on Line 33 of Form 8963-A minus any interest on construction advances receivable from Phoenix Utility Company (or other associated construction company) which is included on Line 8 of Form 8963-A, plus the estimated cash required for construction shown on Line 3 of Form 9150. This method of arriving at the balance of cash available for construction is necessary inasmuch as Form 8963-A does not set forth construction disbursements separately. 4101

Line 5. The amount to be shown is to be obtained
4102 by subtracting the amount on Line 4 from that on Line 3. If the amount on Line 4 exceeds that on Line 3, meaning that the company expects to have cash available from its own operations in excess of its construction cash requirements during the Budget Year, such excess should be shown on Line 5 in red.

Line 6. No figures are to be shown on this line.

Line 7. Enter the amount of Notes and Loans Payable to the Holding Company at the beginning
4103 of the year which are payable on demand or which mature during the Budget Year.

Line 8. This line is to be used to reflect special commitments, if any, such as are included in the "Cash Payments for Financing and Borrowing" shown on Lines 43 to 50 incl. of Form 8963-A exclusive of estimated "Repayments to parent company". A caption descriptive of the item should be inserted.

Lines 9 and 10. These blank lines are to be used
4104 for reporting further special commitments, if additional space is required, and for showing special receipts (in red figures) if any, such as are included in the "Cash Receipts from Financing and Borrowing" shown on Lines 34 to 41 incl. of Form 8963-A exclusive of estimated "Advances from parent company". Also if the total Cash and Cash Items of the company on hand at the beginning of the Budget Year exceeds the normal amount required for minimum bank balances, such excess should be shown

(in red figures) on one of these lines. Proper descriptive captions should be inserted. 4105

Line 11. The amount to be shown is the net sum of the amounts on Lines 5, 7, 8, 9 and 10 and is to be black if it represents an excess of cash requirements over cash resources and red if resources are expected to exceed requirements.

PREPARATION OF FORM 9150 FOR CORRECTIONS TO ORIGINAL BUDGET

1. The corrected copy of Form 9150 for the January corrections to the original budget is to be prepared in exactly the same manner as has been described for the original Construction Budget, except as noted below. 4106

2. The word "CORRECTED" should be typed in above the form title "CONSTRUCTION BUDGET —YEAR 193 ".

3. Correction should be made to the "Actual Construction Costs" for the year preceding the budget year as these costs were shown in the original budget, to cover any inaccuracies arising from the fact that they were estimated for the month of December and possibly for the month of November. 4107

4. The summary of cash requirements and resources should be corrected to take account of any later information available since the original Construction Budget was prepared.

Exhibit 73

ORDER OF ITEMS IN CONSTRUCTION BUDGET

4108

In listing individual items on the Construction Budget Sheet, Form 9151, and in assigning budget item numbers, the following arrangement and order of items is recommended.

A. *Original Construction Budget*

The items are to be listed in two main groups with subtotals for each group:—

4109

1. Items of Uncompleted Work
2. Items of Proposed New Work

Under each of these two groups, the items should be listed by departments, with subtotals for each department. Under the respective departments, the items should be listed in accordance with the following subdivisions, insofar as these subdivisions are applicable, with Specific Items listed first, Revenue Blankets second, and Minor Blankets last.

Electric Department Subdivisions

4110

Generating stations
Transmission (over 30kv)
(higher voltage items first)
Substations
(higher voltage items first)
Distribution (including customers' extensions, street lighting, meters and services)
Miscellaneous
Sub-total Electric Department

Exhibit 73

Gas Department Subdivisions
- Gas lands and leases — 4111
- Gas wells and gathering lines
- Gas plants and gas treating facilities
- Pipe lines and compressor stations
- Distribution (including customers' extensions, street lighting, meters and services)
- Miscellaneous
- Sub-total Gas Department

Railway Department Subdivisions
- Ways and structures
- Rolling stock, railway — 4112
- Rolling stock, electric coach
- Rolling stock, gas bus
- Miscellaneous
- Sub-total Railway Department

N. B. If it is desired to set up all gas bus transportation items separately, this may be done on Form 9151, but they should be consolidated in the summary on Form 9150 in the manner there indicated.

Steam Heat Department Subdivisions — 4113
- Steam stations
- Distribution (including customers' extensions, meters and services)
- Miscellaneous
- Sub-total Steam Heat Department

Water Department Subdivisions
- Water Works

Exhibit 73

Distribution (including customers' extensions, meters and services)
Miscellaneous
Sub-total Water Department

Ice Department Subdivisions
Ice plants
Other items
Sub-total Ice Department

General Buildings Subdivisions
Offices
Warehouses and Storerooms
Garages
Miscellaneous
Sub-total General Buildings

General Equipment
Office Furniture, fixtures and equipment
Vehicles
Miscellaneous
Sub-total General Equipment
TOTAL

B. *Amendments to the Construction Budget*

The items are to be listed in three main groups with subtotals for each group:—

1. Items of Decrease in Authorization
2. Items of Increase in Authorization
3. Items of Proposed New Work

Under each of these three groups, the items should be listed in the order described above for the original budget. Department subtotals need be shown only if there are numerous items.

Exhibit 73 (Continued)

B. SPECIMEN FORM
CONSTRUCTION BUDGET REPORT

SPECIMEN COMPANY

THE BUDGET ITEMS INDICATED ARE HYPOTHETICAL

12 MONTHS BEGINNING

Budget Item Number	Descriptive Title	Cost During Budget Year		Total Estimated Cost		Total Cost to Date Per Books			ESTIMATED COST BY MONTHS IN THOUSANDS OF DOLLARS											
		Authorized in Budget	Present Estimate	As Shown in Budget	Present Estimate	Prior to Budget Year	During Budget Year	Balance Cost to Complete	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)												
	OPERATING COMPANY WORK																			
CONSTRUCTION BUDGET APPROVED:[1]																				
1	Customers' Extensions—Revenue Blanket																			
2	Minor Blanket—Generating Stations																			
3	Install Lightning Arresters—Holtville Sub sta.																			
4	Oil Storage Tank—Newton S. E. Station																			
	TOTAL																			
CONSTRUCTION RECOMMENDED—EMERGENCY APPROVAL OBTAINED																				
	Replace Oil Switch—Holtville Substa.																			
	Underground Dist. System Improvements																			
	TOTAL																			
CONSTRUCTION RECOMMENDED—NOT YET APPROVED																				
	Delta Substation—New Feeders																			
	1933 Blanket—Customers Extensions																			
	TOTAL																			
	TOTAL COST—OPERATING COMPANY WORK																			
OPERATING COMPANY COSTS ON PHOENIX UTILITY CO. WORK																				
	TOTAL CONSTRUCTION COSTS (OF OPER. CO)																			

[1] The following instructions for the use of this form were given in November, 1932, to the serviced companies in a portion of "Cash Budget Instructions", other portions of which are printed in Exhibit 78:

(a) *Construction Budget Approved.* Under this heading should be listed all items included in the approved Construction Budget or Amendments thereto using the descriptive title of the item as shown in the Budget or Amendment. For the purpose of preparing this form, receipt by the Company of form 9154—Construction Budget Recommendations constitutes approval of the items listed thereon and only such items should be included in this section of form 9153-Rev.

(b) *Construction Recommended—Emergency Approval Obtained.* Under this heading should be listed all items which have received only emergency approval. Describe each item by the title used on Construction Budget form 9152.

(c) *Construction Recommended—Not Yet Approved.* Under this heading should be listed all proposed items of work which have not received budget or emergency approval. A brief title should be used for each item which will give a sufficiently clear description of the nature of the work. Sub-totals should be shown for each of the groups covered by (a) to (c) above and a total should then be brought down for the three groups.

Exhibit 73

4120

4121

B. SPECIMEN FORM CONSTRUCTION BUDGET REPORT

The Budget Items Indicated are Hypothetical

(opposite page).

4122

Exhibit 73 (Continued)

CONSTRUCTION BUDGET REPORT (Continued)

SPECIMEN COMPANY

THE BUDGET ITEMS INDICATED ARE HYPOTHETICAL

Budget Item Number	Descriptive Title	Cost During Budget Year: Authorized in Budget	Cost During Budget Year: Present Estimate	Total Estimated Cost: As Shown in Budget	Total Estimated Cost: Present Estimate	Total Cost to Date Per Books: Prior to Budget Year	Total Cost to Date Per Books: During Budget Year	Balance Cost to Complete	12 MONTHS BEGINNING ESTIMATED COST BY MONTHS IN THOUSANDS OF DOLLARS: May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)												
	PHOENIX UTILITY COMPANY WORK																			
CONSTRUCTION BUDGET APPROVED:																				
5	66 KV Line—Smithville to Jonesboro																			
6	Green River Crossing—110 KV Conn.																			
	TOTAL																			
CONSTRUCTION RECOMMENDED—EMERGENCY APPROVAL OBTAINED																				
	Plainville Dist. System improvements																			
	13 KV Extension to Blank Mfg. Co. plant & substa.																			
	TOTAL																			
CONSTRUCTION RECOMMENDED—NOT YET APPROVED																				
	Increase capacity of Baytown substation																			
	Garage and Service Bldg. at Weston																			
	TOTAL																			
	TOTAL COST—PHOENIX UTILITY CO. WORK																			
LESS: OPER. CO. COSTS ON PHOENIX UTILITY CO. WORK																				
	Const. Contract Advances to Phoenix Utility Co.																			

4126

4127

Exhibit 74

SPECIMEN FORM CONSTRUCTION BUDGET REPORT (Continued)

THE BUDGET ITEMS INDICATED ARE HYPOTHETIC

(opposite page)

4128

Exhibit 74 (Continued)

CONSTRUCTION BUDGET RECOMMENDATIONS

Form 9154 BY ELECTRIC BOND AND SHARE COMPANY

BUDGET ITEM NUMBER	BUDGET ITEMS	AS FORWARDED BY FIELD		COMPANY RECOMMENDED FOR APPROVAL	
		COSTS TO BE INCURRED IN 1933	AFTER 1933	COSTS TO BE INCURRED IN 1933	AFTER 1933

Total Construction Budget

ENGINEERING DEPARTMENT DATE Recommendations approved for presentation to Holding Company Board*

BY

BUDGET DEPARTMENT DATE DATE

BY SPONSER

* The form as printed above was used prior to November 25, 1935. Since that date, this provision for holding company approval, as stated in section 84 of the stipulation, was eliminated.

Exhibit 75

EXPENDITURE REQUISITION SYSTEM

4132

ELECTRIC BOND AND SHARE COMPANY

TWO RECTOR STREET

NEW YORK

January 1, 1932

The Expenditure Requisition forms and procedure in this booklet are presented to each operating company receiving the Supervision and General
4133 Services of Electric Bond and Share Company with the recommendation that each such company adopt them as its own standard forms and procedure.

Intelligent and discriminating control over capital expenditures is of great and increasing importance. It is believed that the adoption of this Expenditure Requisition system will be of substantial assistance to each company's management in maintaining such control. The recommended forms and procedure will—

1. Provide an effective, orderly means of pre-
4134 senting to the management all proposed construction and other projects required in the Company's development,

2. Insure that all aspects of such projects will receive proper attention, and from the proper members of the organization,

3. Show clearly the important considerations which determine why such projects are necessary or advisable,

4. Indicate the relationship between proposed expenditures and the increases in revenues or the savings in expenses which are estimated to result therefrom, 4135

5. Facilitate budgeting and controlling expenditures for customer extensions and minor system improvements, which in the aggregate require large amounts of money,

6. Expedite planning and execution of construction operations by defining exactly what work is authorized and when and by whom it is to be done, 4136

7. Simplify preparation of the Company's estimates of construction cash requirements,

8. Promote clear and uniform accounting, accurate initial distribution of construction charges and effective accounting control of capital expenditures.

The Expenditure Requisition form, 9160, is recommended for adoption by all companies without 4137 modification. It is requested that one copy of each Expenditure Requisition, after authorization by the Company's management, be sent to the supervising Sponsor for his information and that of the Sponsor Accountant and Sponsor Engineer.

The two Work Authorization forms, 9163 and 9164, are also recommended for adoption as they are. However, if the management of any Company believes that these two forms can be better adapted

Exhibit 75

4138 to local conditions by making certain additions or modifications, it is suggested that any such proposed changes be discussed with Electric Bond and Share Company's organization.

Inquiries as to any features of this Expenditure Requisition system or as to its application to a particular property should be addressed to the General Auditor of Electric Bond and Share Company, with copy to the supervising Sponsor.

The supervising Sponsor, the Sponsor Accountant and the Sponsor Engineer, in their periodic visits to each Company's property, will assist the

4139 Company's organization in perfecting the application of the system, both as to Expenditure Requisitions and subordinate authorizations and also as to their relation to the Construction Budget.

This Expenditure Requisition system supplements the Construction Budget system presented to its client companies by Electric Bond and Share Company on October 1, 1931. Its use will simplify preparation of Construction Budgets and Additions thereto and will facilitate securing the uniformity necessary for consolidating Construction Budgets for the Holding Company group, an essential step

4140 in formulating a financial program for the Holding Company and its operating subsidiaries.

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*Omitted in this exhibit.

Exhibit 75

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EXPENDITURE REQUISITION SYSTEM
III GENERAL OUTLINE OF PROCEDURE

4146

Purpose of Expenditure Requisitions

The Expenditure Requisition ("ER") is the authorization executed by the management for the making of expenditures which are to be charged in whole or in part to plant account and for the retiring of property from plant account.

---

*Omitted in this exhibit.

Exhibit 75

An Expenditure Requisition, as submitted to the management for authorization, provides the means of summarizing and laying before the management all important facts and considerations bearing upon the advisability of making the proposed expenditure or retirement. 4147

A specific Expenditure Requisition (defined on pages 21-22), when executed by the management, is an authorization (a) to the proper members of the organization to proceed with the project described in the ER, and (b) to the accounting officials to accept charges for the cost of the project and to account for such costs, and for any property retirements, in the manner set forth in the ER. 4148

A blanket Expenditure Requisition (defined on pages 21-22), when executed by the management, is an authorization for the establishment of plans and policies with respect to a general class of small items of property additions and betterments of recurring character and small items of retirements. A blanket ER may apply to one territorial division or to one department of a property or to the property as a whole, depending upon the class of items covered. Subordinate authorization, executed in the manner specified in the blanket ER, is required for each item under a blanket ER. 4149

Scope of Expenditure Requisition System

The Expenditure Requisition system is intended to be the *sole* medium through which charges may be made to plant account for additions thereto (except only in cases where property is acquired

through merger) and through which credits may
4150 be made to plant account for retirements therefrom.

The Expenditure Requistion system is likewise intended to be the *sole* medium through which charges may be made against Retirement Reserve in connection with retirements from plant account.

Accordingly, Expenditure Requisitions, specific or blanket, must be prepared and authorized for:

1. All physical property to be constructed either by company forces, an associated construc-
4151 tion company, or general contractors.

2. All physical property to be purchased.

3. All going utility properties to be acquired.

4. All real estate to be acquired and to be charged to plant account, including in the cost thereof any interest and taxes to be charged to plant account.

5. All investigations, engineering studies, etc., which are expected later to be charged to
4152 plant account.

6. All organization expenses, stock sales expenses, franchise costs, etc., which are to be charged to plant account.

7. Investments, if any, which are to be charged to plant account.

8. All retirements of property from plant account, whether such property is of tangible or intangible character. 4153

There may be charged against an Expenditure Requisition covering a construction project the cost of other work which is handled as a part or incidental to the construction work, such as maintenance work, work for the account of customers, etc.

Relation to Construction Budget

The management will not, except in emergencies, authorize an Expenditure Requisition for work within the scope of the Construction Budget until Construction Budget authorization has first been obtained, either in the original Construction Budget for the year or in Additions thereto. 4154

In emergencies where prompt action is required, the management may, after consultation with the supervising Sponsor in Electric Bond and Share Company's organization, authorize an ER for work not previously authorized in the Construction Budget. Any work so authorized is then to be included in the next Addition to the Construction Budget. 4155

Exhibit 76

4156

SALES BUDGET

INSTRUCTIONS FOR PREPARATION

OF

SALES BUDGET AND SALES PROGRAM

BUDGET DEPARTMENT

4157 ELECTRIC BOND AND SHARE COMPANY

SEPTEMBER 1935

ELECTRIC BOND AND SHARE COMPANY
TWO RECTOR STREET
NEW YORK

September 1 1935

INSTRUCTIONS FOR PREPARATION OF

SALES BUDGETS

4158

Instructions for preparation of Sales Budgets are presented herein, as are sample copies of the Ebasco Sales Budget forms.

The Sales Budget is an important component part of the Ebasco budget system as described in the Blue Book entitled "Budgetary Control for Public Utilities", issued by the Ebasco Budget Department in 1934. Therefore, to insure that it be prepared properly, and to secure the fullest advantages and

benefits from it, the attention of every employe participating in the preparation of any part of the Sales Program or Budget should be called to the General Principles set forth on the first nine pages of that Blue Book, and to the broad description of the Sales Budget which appears on Pages 10 to 13, inclusive. Such study should induce a lively appreciation of the value of Sales Planning, first, because of the penetrating analyses of methods which it brings about and, second, because of the opportunity it affords for sound, periodic appraisal of the effectiveness of various sales activities. 4159

It is important that the Sales Budget not be looked upon merely as a means for estimating revenues for the budget year. On the contrary, its fundamental function is to aid in the intelligent design, supervision and control of sales efforts by providing a comprehensive plan for all sales, advertising and promotional activities. Used in the latter manner, it should assist the Sales Manager to secure prompt executive approval of his plans for the budget year, and should be of great benefit to the executives of the company in making it possible for them to pass upon such plans in an orderly, concise manner. 4160

Once prepared, the Sales Budget should be a constant tool of the General Sales Manager and all of his aids. It should be of particular assistance in helping to stick to a consistent plan throughout the year. To do this, of course, it is vital that the Budget be posted promptly each month and be *used* for regular, frequent check of the progress being made. This will permit both concentration of emphasis upon successful programs and application of new thought to those sales or promotional activities which are not coming up to the marks expected. 4161

4162 No incentive to obtain results is greater than to try to justify one's own advance commitment as to what can be accomplished. It cannot be emphasized too strongly, therefore, that all key employes who will have any responsibility for carrying out the Sales Program should be encouraged and required to participate in its preparation. In order to do this, each such employe should be thoroughly familiar with the Blue Book and with the Sales Budget instructions and forms contained herein.

4163 SALES BUDGET

INSTRUCTIONS FOR PREPARATION OF SALES BUDGET AND SALES PROGRAM

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*Omitted in this exhibit.

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*Omitted in this exhibit.

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4169

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Form 9212—Sales Personnel

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Form 9213—Advertising Budget & Program—Sales Equipment and Facilities

Specimen of Form *

Instructions for Preparation *

4170

Discussion of Advertising Budget & Program—Sales Equipment and Facilities *

Form 9214—Residential Sales Program; Farm Sales Program

Specimen of Form *

Instructions for Preparation *

Outline and Discussion of Residential Sales Program for the Budget Year *

* Omitted in this exhibit.

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Outline and Discussion of Commercial Sales Program	*
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Form 9217—Schedule of Sales Features, Campaigns and Special Activities	*
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Specimen of Form	*
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* Omitted in this exhibit

Exhibit 76

SALES BUDGET

4174 INSTRUCTIONS FOR PREPARATION OF SALES BUDGET AND SALES PROGRAM

I—LIST OF FORMS AND ORDER OF ARRANGEMENT

9200—Cover
9201—Estimate of Electric Operating Revenues by Classes
9202—Estimate of Electric Customers and Energy Sales
9203—Estimate of Gas Operating Revenues by
4175 Classes
9204—Estimate of Gas Customers and Gas Sales
9210—Estimate of Operating Revenues by Classes (Blank form for use of Other Departments: Ice, Steam Heat, etc.)
9205—Estimate of Merchandise Sales and Expenses
9206—Estimate of Electric Revenues from Sales of Electric Merchandise—Residential
9207—Estimate of Gas Revenues from Sales of Gas Merchandise—Residential
9208—List of Large Commercial, Industrial and Government & Municipal Prospects
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9216—Industrial Sales Program and Government & Municipal Sales Program
9217—Schedule of Sales Features, Campaigns and Special Activities
9218—Summary of Sales Program for Budget Year
9209—(Blank form to be used as required)

Exhibit 76

II—SALES BUDGETS TO BE PREPARED

4177

Electric—(Forms 9201, 9202, 9205, 9206, 9208, 9209, 9211, 9212, 9213, 9214, 9215, 9216, 9217, 9218)—An individual Sales Budget is to be prepared by each operating company with an electric department, whether the company is a subsidiary of a holding company or of an operating company.

Gas—(Forms 9203, 9204, 9205, 9207, 9208, 9209, 9211, 9212, 9213, 9214, 9215, 9216, 9217, 9218)—An individual Sales Budget is to be prepared by each operating company with a gas department, whether the company is a subsidiary of a holding company or of an operating company.

4178

Other Departments—(Form 9210)—An individual Sales Budget is to be prepared for such other departments as are required, in addition to the electric and gas departments as outlined above, by each operating company having such operations as steam heat, ice, etc.

Companies with more than one type of operation should submit the Sales Budgets for all departments in a single cover (Form 9200). Note that Forms 9205, 9208, 9211, 9214, 9215, 9216, and 9218, while common to electric and gas departmental budgets, are to be filled out separately for electric and gas operations.

4179

A consolidated budget for electric and gas departments only should be prepared for all operating companies with subsidiaries having consolidated operations. These group consolidations should consist of Forms 9201 and 9202 for electric operations, and/or 9203 and 9204 for gas operations.

The revenue figures appearing in the Operating Budgets, both individual and consolidated, should

be supported by the corresponding figures in the
4180 Sales Budgets.

III—GENERAL INSTRUCTIONS

Four copies of each Sales Budget should be addressed to the Accounting Sponsor, Electric Bond and Share Company, 2 Rector Street, New York, N. Y., who will distribute them to the Operating Sponsor, Commercial and Budget Departments.

Sufficient additional hectograph copies should be prepared for field use so that individual copies may be distributed for use throughout the year by
4181 each key employe whose duties include supervision of the sales program or of substantial portions thereof, such as residential sales, commercial sales, industrial sales, advertising, etc.

Inasmuch as the budgets are to be prepared considerably in advance of the budget year, actual "previous year" figures will not be available for the last month or possibly two months. Actual figures should, of course, be used for this purpose to the extent that they are available and the remainder of the "previous year" figures should be estimated as
4182 accurately as possible in order to afford a complete comparison of the "budget year" figures with the preceding twelve months.

Ordinarily *it should be sufficient to show estimated figures to the nearest one hundred dollars only, or in the case of large companies, to the nearest one thousand dollars, where closer estimates are not justified by the precision possible in making estimates.* With respect to actual figures for the previous year, show nearest dollar only.

Whenever an operating company, for its own use,

desires to build up the information for the company budget by units, the forms are adaptable either to 4183
the division, district or town. The division, district or town Sales Budgets, if prepared, would be for the use and convenience of the operating company only. Likewise any company desiring a more detailed breakdown of any budget item may design supplementary sheets showing this breakdown, inserting such sheets in the copies retained locally.

Each Sales Budget should be approved by the Chief Sales Officer or the head of the Commercial Department, the Accounting Officer, the Operating Manager and the Chief Executive Officer of the 4184
Company, before being forwarded to New York.

IV—EXPLANATION OF SALES BUDGET AND SALES PROGRAM FORMS

In general, the nature of the items and information called for on the different forms is clearly defined by the titles and captions on the forms themselves.

On most of the forms, space is provided for "Remarks" to explain any unusual conditions or extraordinary increases or decreases which are expected 4185
during the period covered by the budget, and for discussion of the Sales Program. Where space provided on any particular form is not sufficient, Form 9209 should be used for this purpose and when so used each page thus presented as Form 9209 should be captioned "Supplement to ————", inserting the title and number of the form so supplemented, and when the budget is assembled should follow immediately after the particular form to which it applies.

If it facilitates preparation of the budget, all
4186 sales program discussions may begin on blank forms (9209) inserted immediately following the tabulated data and the space alloted on the tabular form left blank. In this way, copies of the discussion may be used to greater advantage and distributed more widely to personnel not receiving copies of the complete tabulated budget.

A—SALES BUDGET FORMS

Certain features of the forms which require further explanation are covered in the following com-
4187 ments. For convenience a specimen of each form has been inserted immediately before the comments and suggestions relative to its preparation.

FORM 9206—ESTIMATE OF ELECTRIC REVENUES FROM SALES OF ELECTRIC MERCHANDISE—RESIDENTIAL

FORM 9207—ESTIMATE OF GAS REVENUES FROM SALES OF GAS MERCHANDISE—
4188 RESIDENTIAL

These forms provide for a computation of EAR due to merchandise sales during the budget year, after eliminating estimated replacement sales. To facilitate such computation of EAR they provide for analysis of residential merchandise sales, by classes of appliances. (Note: Exclusive of commercial merchandise sales and of merchandise revenue from repairs, servicing, etc., so "total" figures

at bottom of column headed Merchandise Sales Volume-Dollars will not check directly with estimated gross merchandise sales figures on Form 9205). Estimate for merchandise sales show monthly and yearly sales in "number of units" and yearly sales only in "dollars." 4189

Show for each kind of appliance or group of appliances listed the net sales (after adjustment) in order to agree with procedure used during the year in reporting actual amounts in the monthly financial and operating report.

It will be noted that these forms do not provide for the sales of Electric and Gas Merchandise—Commercial, as Form 9215 provides the budget information required for Commercial Merchandising and Sales. 4190

In estimating data for grouped items such as Portable Floor and Table Lamps, other Lamps and Lighting Fixtures, Home Ventilating Systems, Air Conditioning Units, Table Cookery Appliances, Other Heating Services, Farm Devices, and Other Motor Devices, work sheets should be prepared showing detailed estimate for each item in the group and group totals obtained by *building up* each such group item. Only group totals (not work sheets) should appear in the budget. 4191

Form 9206 should be included in every Electric Sales Budget and Form 9207 in every Gas Sales Budget filled out to show estimates for sales to be made by the *company's own Residential Sales Department.*

In addition to the estimate of company sales, each Sales Budget should also contain the best estimate which the company's sales manager can make of

probable corresponding sales by all other dealers
4192 in the company's territory and of EAR therefrom, during the period covered by the budget. To report such estimate of *sales by dealers* in the Sales Budget *use a separate page on Form 9206* for electric and/or on Form 9207 for gas appliance services, inserting such page immediately following the corresponding page showing estimated sales by company.

Another separate page should be used for each department for reporting the *combination of company and dealer sales,* inserting such page immediately following the estimated sales by dealers.

4193 All pages of Form 9206 and 9207 should be plainly marked with an (X) in the space provided to designate Sales by Company, Dealers and Total (Company and Dealers), respectively.

In order to facilitate preparation of the Sales Budget and the subsequent preparation of consolidated and comparative summaries for all Ebasco companies, it is suggested that the figures EAR per Unit, Average Price per Unit, and Estimated % of Net Sales be assumed the same for company, dealer, and total sales, unless specific local experience based on knowledge of types of equipment sold
4194 by company and dealers, respectively, suggests that different unit figures be used on the respective pages. Where, as will usually be the case, only the number of units sold by dealers (and not the dollar volume they represent) are available, use such estimates of EAR, average price, and % replacement which appear on the "company" page to complete the "dealer" and "total" page, unless local experience shows the desirability of new specific estimates. It is realized that in most cases it will be impossible to get complete and accurate data on dealer sales.

However, as complete data as possible supplemented by careful estimates will give information which will be vastly better than no data at all and will help the utility sales manager to evaluate his sales market, problems, programs and results far more intelligently than is possible if his decisions are to be based only on blind guesses or on "company only" figures not supplemented by specific appraisal of dealer business. 4195

In cases, if any, where the company sells merchandise for dealers and charges the dealers commission or where dealers sell for the company and receive a bonus, report the entire sales as either "company", or "dealer" including the commission or bonus in the Sales Volume and average price per unit. 4196

In computing Estimated Annual Revenue, Additional excluding Replacement Sales it should be noted that the figures in

column 1 (EAR per Unit Added) x column 3 (No of Units) = column 4 (EAR, Amount)
column 3 (No. of Units) = column 2 (Est % of Net Sales x column 11 (Net sales, no. of units, total for year)
column 2 (Est % of Net Sales) = % Non-Replacement sales 4197

Please note that the method of estimating EAR Additional, Excluding Replacement Sales, provided on Forms 9206 and 9207, is based upon applying the full EAR per Unit Added for a typical device as normally used in a customer's home to the *net* increase in such appliances in use, after allowing for replacement sales. Some companies have suggested using a fictitious "net EAR per unit added"

and applying it to gross sales before deducting
4198 replacements. It is believed that the procedure set forth in the forms and in these instructions gives the more accurate picture of actual conditions.

In the case of lamp bulb sales, EAR credit should ordinarily be taken only for average increased wattage of bulbs sold. If any company desires a more complete breakdown of any item, sheets may be devised and inserted immediately following Form 9206 and/or 9207. However, these supplementary sheets should not be included in the copies of the budget sent to New York.

The group Farm Devices should represent a total
4199 *built up* from detailed estimates for each item sold in the territory. Only farm devices should be included and appliances such as ranges, refrigerators, lamps, etc. which appear elsewhere should not be included.

In the past, EAR data for individual appliances has apparently often been tinged with over-optimism. In the light of steadily decreasing utility rates, constantly increasing efficiency of appliances, continued development of "midget" sizes and models of appliances, and lack of steady and habitual use
4200 of many devices in customers' homes after their purchase, figures for EAR per unit Added for each appliance should be scrutinized anew every year and brought down to a more real and accurate level as each year's budget is prepared. For instance, whereas 1929 refrigerators in many places used, say, 800 kwh per year at perhaps 5 cents per kwh, current estimates in similar places might not exceed 450 kwh at possibly 3 or 4 cents per kwh. Any "standard" figures for such items would be meaningless and proper data for each company's own operations can only be prepared by analysis of its own local conditions.

Exhibit 77

OPERATING BUDGET

4201

November 7, 1934

Mr. Paul B. McKee, President
Pacific Power & Light Company
Portland, Oregon

Dear Mr. McKee:

With reference to the preparation of the 1935 Operating Budget, we are sending herewith certain recommended changes in the groupings used last year for budgeting departmental operating ex- 4202
penses and general office expenses. We are of the opinion that these changes will promote a clearer analysis and more intelligent budgeting of expenses, particularly for the companies having divisional operations.

It will be noted that they involve no fundamental change in the present budget procedure or the revision of any of the existing budget forms. Form 9090—Estimate of General Office and General Expenses has been eliminated and the existing Form 9088, without printed captions, is to be used instead.

Ten copies of revised instructions for the prepa- 4203
ration of the Operating Budget are attached hereto.

There will be no change in the forms or procedure covering the preparation of the Construction and Cash Budgets.

The number of copies of budgets to be sent to us is as follows:

Operating Budget	—2 copies
Construction Budget	—3 copies
Cash Budget	—2 copies

Exhibit 77

4204 The Operating and Cash Budgets should be addressed to the undersigned, and the Construction Budget should be sent to Mr. F. Silliman, Jr.

Please arrange to forward the budgets so they will reach us as early in December as possible, and in any event not later than December 15th.

Very truly yours,

ELECTRIC BOND AND SHARE COMPANY
Operating Division
(Signed) C. P. ZIMMERER
General Auditor

4205

New York, N. Y.

November 1, 1934

ELECTRIC BOND AND SHARE COMPANY
INSTRUCTIONS FOR PREPARATION OF OPERATING BUDGET

LIST OF FORMS[1] AND ORDER OF ARRANGEMENT

4206
9087—Cover
9080—Estimate of Operating Revenues, Operating Expenses & Net From Operation
9081—Estimate of Operating Revenues
9082—Estimate of Operating Expenses
9083—Estimate of Net Revenues from Operation
9084—Estimate of Net Divisible Income
9085—Estimate of Balance Before Common Dividends and of Profit & Loss—Surplus

Exhibit 77

9086—Statement of Inter-Company Items included in Estimates 4207
9088—Estimate of Operating Expenses by Departments (Electric—Gas—Water—Railway—Motor Coach—Steam Heat—Ice—Misc. Other Departments)
9088—Estimate of General Office Expenses and Other Expense Items
9089—Estimate of Payroll—All Departments

CLASSIFICATION OF FORMS[1] BY COMPANIES

9080—To be prepared by companies with only one class of service 4208
9081)
9082)—To be prepared by companies with two or more classes of service
9083)
9084)
9085)
9086)—To be prepared by all companies
9087)
9088)
9089)
4209

[1]The forms listed are omitted in this exhibit.

Exhibit 77

OPERATING BUDGETS TO BE PREPARED

4210 An individual budget is to be prepared for each operating company, whether a direct subsidiary of a holding company or a subsidiary of an operating company.

A consolidated budget (in addition to the budgets for the individual companies) is to be prepared for each operating group involving a parent operating company and one or more subsidiaries.

GENERAL

4211 Two copies of each operating budget shall be addressed to the Accounting Department—Operating Division, Electric Bond and Share Company, Two Rector Street, New York, N. Y.

Inasmuch as the budgets are to be prepared considerably in advance of the budget year, actual "previous year" figures will not be available for the last month or possibly two months. Actual figures should, of course, be used for this purpose to the extent that they are available and the remainder of the "previous year" figures should be estimated as accurately as possible in order to afford a com-
4212 plete comparison of the "budget year" figures with the preceding twelve months. Indicate on the first budget form the number of months actual and estimated.

Whenever an operating company desires to build up for its own use supporting information for the company budget, the forms are adaptable either to the division, district or town. The division, district or town budgets, if prepared, will be for the use and convenience of the operating company only.

All revenue figures should be consistent, where appropriate, with those given in the Sales Budget for the same period as that covered by the Operating Budget. 4213

Ordinarily it should be sufficient to show estimated figures to the nearest one hundred dollars only. For large companies, estimated figures need be shown only to the nearest one thousand dollars where closer estimates are not justified by the precision possible in making estimates.

Each copy of the Operating Budget should be approved by the officer responsible for its preparation and assembly, by the chief operating officer, and by the Chief Executive Officer of the Company, before being forwarded to New York. 4214

Include with each copy of the Operating Budget a letter or memorandum of comments on salient features of the Budget estimates, particularly of Operating Revenues and Expenses. This should cover a brief review of anticipated conditions in the territory served, reasons for important increases or decreases in revenue or expense items, possible developments or contingencies which may affect the company's operations, etc.

FORMS 9080-9081-9082 — *ESTIMATES OF OPERATING REVENUES AND EXPENSES* 4215

In preparing a consolidated budget, revenue items for one company in the group, corresponding to expense items for the same department of another company in the group are to be eliminated directly from the consolidated departmental revenues and from the consolidated departmental expenses. Revenue items for one company, corres-

4216 ponding to expense items in different departments of another company, are not to be eliminated directly from consolidated departmental revenues or expenses, but are to be included in eliminations opposite a caption to be inserted in a blank space, such caption to read, "Less Intercompany Eliminations affecting more than one department."

Under "Remarks", give total for year of any amounts included in operating expenses, both for previous year and for budget estimate, for depreciation or retirement expense, and state if any different method of apportioning general exenses or of

4217 determining inter-departmental charges is contemplated for budget year compared with previous year, if so, giving approximate figures.

FORM 9084 *Rev.* 1-1-33—*ESTIMATE OF NET DIVISIBLE INCOME*

For Interest Charged to Construction—Credit show in "Remarks" the interest rate used and state whether interest charged to construction is computed on construction advances only to construction companies, or also on the company's own funds

4218 used on construction being carried out with its own forces.

Show in "Remarks", for the year total, the amount of estimated interest income from surplus funds and the interest rate assumed, and show also the nature of other important items, if any, included in Non-Operating Income.

Show interest on new money required during the year under the heading of "Interest Deductions—Other", except where definite arrangements have been made at the time of preparation of the Operat-

ing Budget for new issues of bonds or of preferred stocks. Under "Remarks" show for the year total the amount of interest and the interest rate estimated on new money requirements during the year. 4219

FORM 9085 *Rev.* 1-1-33—*ESTIMATE OF BALANCE BEFORE COMMON DIVIDENDS AND OF PROFIT & LOSS—SURPLUS*

It should be noted that the surplus item on this form refers to "Profit & Loss—Surplus" and should *not* include Capital Surplus, if any.

Show in "Remarks":— 4220

1—If amounts shown as Preferred Dividends Accrued do not represent full accrual for dividends on First Preferred and Second Preferred, state basis of accrual for budget year.

2—Nature of large adjustments to Profit and Loss—Surplus.

3—Balance of Capital Surplus, if any, at beginning and end of budget year and explain any changes therein. 4221

4—If total Credits to Retirement Reserve differ in amount from total Retirement Expense explain nature of difference.

5—Explain important items included in total Debits to Retirement Reserve.

Exhibit 77

FORM 9086—STATEMENT OF INTER-COMPANY ITEMS INCLUDED IN ESTIMATES

4222

This form is intended to show for the budget estimates substantially the same information reported on Form 9047—Statement of Intercompany Eliminations, which is included in the monthly Financial and Operating Report.

This form is to be used in connection with all operating budgets. In the case of an individual operating company this form should show both intercompany items between such company and the holding company, and also all intercompany items

4223

between such company and other companies subsidiary to the same holding company or to an associated holding company.

In the case of a consolidated budget, Form 9086 should be prepared as follows: One sheet to show intercompany eliminations made in the consolidated budget between the companies involved in the consolidation; another sheet to show intercompany items between the group of companies for which the consolidation is made and the holding company, and intercompany items between the group of companies for which the consolidation

4224

is made and any other company or group of companies subsidiary to the same holding company or to an associated holding company.

In the use of this form, the first column should show the name of the other company involved in the intercompany item, (or both companies involved in the case of a consolidated budget). The second column, headed "Nature of item", should show the character of transaction involved, i. e., Energy pur-

chased, Gas purchased, Lease rental, etc. In showing intercompany items involved in the estimate of operating revenues or of operating expenses, a footnote should be added showing the department to which the item applies in all cases where the nature of the item itself would not make the departmental classification clear. 4225

Minor items of intercompany eliminations, say in most cases, items under $1,000 per year, may be omitted.

Where transactions between the operating company preparing the budget and some other operating company involve intercompany sales, or other intercompany items the amount of which must be estimated, as for instance, sales of electric energy or sales of natural gas, it is assumed that there will be adequate consultation between the officers of the two companies involved so that the intercompany items will be similarly estimated by both companies. 4226

FORM 9087—*COVER FOR OPERATING BUDGET*

FORM 9088—*DETAILED ESTIMATE OF DEPARTMENTAL OPERATING EXPENSES* 4227

This form shall be prepared by each operating company for each department. The form is designed in blank to permit flexibility in its use. A separate form shall be prepared for each department and the name of the department typed at the head of the form. The names of the months shall be typed in the sections provided. The groupings indicated below for each department are arranged so as to permit their being readily indenti-

4228 fied from month to month in the operating report forms for each department. It is to be understood that this arrangement is not to be considered complete. Each operating company may expand these subdivisions to fit their particular operating condition. The recommended subdivisions are the minimum number which it is believed will be satisfactory to the operating executive to insure control of the operations and their trend.

The recommended subdivisions are as follows:

4229

Electric Department	— As outlined on Page
Gas Department	— As outlined on Page
Water Department	— As outlined on Page
Railway Department	— As outlined on Page
Motor Coach Department	— As outlined on Page
Steam Heat Department	— As outlined on Page
Ice Department	— As outlined on Page
Other Miscellaneous Departments	— As outlined on Page

4230

Exhibit 77

The following groupings for departments are recommended for use both by companies operating in divisional territory and by companies operating in a single community. 4231

ELECTRIC DEPARTMENT

	Grouping based on Financial and Operating Report Form No. 9008 Rev. 1-1-33
Production and Transmission Expenses	
Fuel and Power Purchased	4232
Other Operation	
Maintenance	
Distribution and Utilization	
Operation	
Maintenance	
Customers	
New Business—After Transfer	
Direct Divisional	
General Office	
General	
Direct Divisional	4233
General Office	
Taxes	
Total Electric Operating Expenses	

GAS DEPARTMENT

	9114 Rev. 1-1-33
Production Expenses	
Fuel and Gas Purchased	
Other Operation	
Maintenance	

Exhibit 77

		Grouping based on Financial and Operating Report Form No.
4234	*Transmission and Distribution*	
	Operation	
	Maintenance	
	Customers	
	New Business—After Transfer	
	Direct Divisional	
	General Office	
	General	
	Direct Divisional	
4235	General Office	
	Taxes	
	Total Gas Operating Expenses	
	WATER DEPARTMENT	
		9020
	Operation	
	Water Supply	
	Pumping—Steam & Electric	
	Power Purchased	
	Purification	
4236	Transmission & Distribution	
	Consumers	
	Commercial	
	General & Miscellaneous	
	Direct Divisional	
	General Office	
	Taxes	
	Maintenance	
	Total Water Operating Expenses	

Exhibit 77

	Grouping based on Financial and Operating Report Form No.	4237
RAILWAY DEPARTMENT		
	9023	
Operation		
Power Department or Power Purchased		
Superintendence and Platform Labor		
Miscellaneous Transportation Expenses		4238
Advertising		
Miscellaneous Traffic Expenses		
Injuries and Damages		
General and Miscellaneous		
Direct Divisional General Office		
Taxes		
Maintenance		
Total Railway Operating Expenses		4239
MOTOR COACH DEPARTMENT		
	9026	
Operation		
Fuel for Revenue Vehicles		
Lubricants for Revenue Vehicles		

Exhibit 77

		Grouping based on Financial and Operating Report Form No.
4240	Other Garage Expenses	
	Superintendence, Drivers & Conductors	
	Other Transportation Expenses	
	Traffic Promotion	
	Injuries & Damages	
	General & Miscellaneous	
	Direct Divisional	
	General Office	
4241	Taxes	
	Maintenance	
	Total Motor Coach Operating Expenses	

STEAM HEAT DEPARTMENT

		9031
	Operation	
	Superintendence and Operating Labor	
4242	Fuel	
	Miscellaneous Heating Plant Expense	
	Interdepartmental	
	Distribution	
	Consumers	
	Commercial	

Exhibit 77

Grouping based on Financial and Operating Report Form No.	
	4243
General	
Direct Divisional	
General Office	
Taxes	
Maintenance	
Total Steam Heat Operating Expenses	
ICE DEPARTMENT	
	4244
	9033 Rev.
Operation	
Production	
Purchased	
Delivery and Retail Station Expense	
Consumers	
Commercial	
General	
Direct Divisional	
General Office	4245
Taxes	
Maintenance	
Total Ice Operating Expenses	

OTHER MISCELLANEOUS DEPARTMENTS

Groupings similar to the foregoing outlines shall be used for showing estimates for other miscellaneous department expenses in accordance with

4246 the decision of the management of the company as to what constitutes the major items of expense. Whichever groupings are used, they shall follow the general captions in use in the financial report used for the appropriate department.

FORM 9088—ESTIMATE OF GENERAL OFFICE EXPENSES AND OTHER EXPENSE ITEMS

4247 This form will replace Form 9090—ESTIMATE OF GENERAL OFFICE AND GENERAL EXPENSES and contains essentially the same information as the latter, plus a memorandum of certain other important elements of operating expenses which it is felt should form a part of a comprehensive budget summary.

Form 9088 is a blank form providing thirteen sections in which estimated expense items shall be inserted in accordance with the following outline:

GENERAL OFFICE

Line 1 NEW BUSINESS
Line 2 GENERAL

4248

GENERAL EXPENSES (OTHER THAN DIRECT DIVISIONAL)

Line 3 REGULATORY
Line 4 OTHER TAXES

TAXES

Line 5 FEDERAL INCOME
Line 6 FEDERAL ENERGY SALES
Line 7 OTHER

Exhibit 77

Line 8 *TOTAL GENERAL OFFICE AND GENERAL EXPENSES (BEFORE TRANSFERS)* 4249

MEMORANDUM INFORMATION

Line 9 GENERAL OFFICE AND GENERAL EXPENSES CHARGED TO CONSTRUCTION AND ACCOUNTS OTHER THAN INCOME

Line 10 MATERIALS AND SUPPLIES ISSUES (OTHER THAN FUEL) CHARGED TO OPERATING EXPENSES

Line 11 TOTAL MAINTENANCE INCLUDED IN TOTAL OPERATING EXPENSES (ALL DEPTS) 4250

Line 12 ACCRUALS FOR UNCOLLECTIBLE ACCOUNTS

The first two items above, GENERAL OFFICE-NEW BUSINESS and GENERAL OFFICE-GENERAL EXPENSES, are the same as were called for on the old Form 9090 and the elements of estimated expense should correspond with the actual data reported under the same captions in the Financial and Operating Report.

4251

Items 3 and 4 which together make up the GENERAL EXPENSES (OTHER THAN DIRECT DIVISIONAL) were likewise called for on the old form, but in total only. In many cases Regulatory Expenses constitute such an important and fluctuating element of the General Expenses, that it is desirable to set forth this item separately in the budget.

The estimate of TAXES has been changed only to the extent of showing the estimated 3% Federal

Energy Sales Tax as a separate item. This change
4252 will eliminate the necessity for a special schedule of estimated taxes which has been called for in the past.

TOTAL GENERAL OFFICE and GENERAL EXPENSES (BEFORE TRANSFERS) represents, of course, the total of the several items which precede it.

GENERAL OFFICE AND GENERAL EXPENSES CHARGED TO CONSTRUCTION AND ACCOUNTS OTHER THAN INCOME, should represent that portion of the preceding item which
4253 it is estimated will be transferred to accounts such as ER's, Accounts Receivable, etc., which are not income accounts. This item should *not* include estimated transfers to Merchandise Accounts, or Apportionment Accounts which utimately are cleared to income accounts.

The estimate of MATERIALS AND SUPPLIES ISSUES (OTHER THAN FUEL) CHARGED TO OPERATING EXPENSES shall include estimated charges to operating expenses for materials and supplies used in operating and maintaining the property. Fuel issues should not be included inas-
4254 much as a separate caption has been provided for this item on the form for departmental expense estimates.

The item TOTAL MAINTENANCE should assemble in one total the maintenance expense included in the total operating expenses of all departments. It is to be noted that estimated maintenance is to be shown separately on the departmental expense estimates with the exception of the General Expense—Maintenance, which, although

ordinarily a minor item, should be included in the estimate of TOTAL MAINTENANCE. 4255

The last item, ACCRUALS FOR UNCOLLECTIBLE ACCOUNTS, should reflect the total estimated accruals to Reserves for Uncollectible Accounts of all classes, including service, merchandise and miscellaneous accounts receivable.

FORM 9089—ESTIMATE OF PAYROLL—ALL DEPARTMENTS

The purpose of this form is to enable the management to analyze the results from month to month as they are recorded on the Comparative Payroll Report in the Financial and Operating Report. 4256 Consequently the basis of estimating the payroll data should conform to the classification used in reporting the corresponding items in the Financial and Operating Report.

The payroll represents ordinarily the largest single item of controllable expense and should therefore be the object of particular attention and emphasis in budgeting the operating expenses. It is expected that the "Estimate of Payroll—All Departments" (Form 9089) will represent merely a 4257 brief summary of a more detailed study of payroll costs to be conducted by each individual company. Such study should ordinarily take the form of a separate estimate of payroll costs in building up the budget for each division and department of the company and for each class of operation or function within each such operating sub-division.

Six sections in blank have been provided on this form to permit each company to expand section 3 of the payroll summary as local circumstances may require.

Exhibit 78

CASH BUDGET

4258

INSTRUCTIONS INCLUDING SPECIMEN FORMS AND EXPLANATIONS

CONTENTS

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II Form 8963-B Cash Budget-Detailed Estimate of Operating Collections	—
4259	
III Form 8963-C Cash Budget-Detailed Estimate of Operating and Construction Disbursements	—
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Preparation of Form 8963—A Cash Budget Estimate of Cash Receipts and Disbursements	*
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*Omitted from this exhibit.

Exhibit 78

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Preparation of Form 8963—C Detailed Estimate of Operating and Construction Disbursements *

I General * 4262

II Instructions with reference to columns *

III Instructions with reference to horizontal lines *

IV Instructions with reference to section of form entitled "Analysis of Estimated and Construction Disbursements" *

Preparation of Form 9153—Rev. 11-19-32 Construction Budget Report 4263

I Scope *

II Instructions with reference to columns *

Specimen Forms—8963-A, 8963-B, 8963-C, 9153—Rev. 11-19-32 *

* Omitted from this exhibit.

Exhibit 78

CASH BUDGET INSTRUCTIONS

4264

ADOPTION

The Cash Budget forms and instructions for their preparation and use are presented herewith. It is recommended that the Cash Budget system be adopted as standard practice, beginning with the year 1933.

The adoption of this Cash Budget system will be of material assistance in developing effective control of cash receipts and disbursements. The conservation of cash should automatically follow.

4265

PURPOSE AND SCOPE

The Cash Budget system will:

1) Provide a forecast for the next twelve months of the cash receipts and disbursements arising from regular business and from financing and borrowing of the company.

2) Assist in preparing cash forecasts by providing a definite procedure to follow which should
4266 eliminate the possibility of overlooking important elements which are a proper part of such forecast.

3) Provide a definite detailed procedure for estimating Operating Collections and Operating and Construction Disbursements.

4) Provide a definite tie-in and correlation between the Cash Budget and the Sales, Operat-

ing and Construction Budgets and bring the Cash Budget into conformity and harmony with the Cash Control and Conservation Report. 4267

5) Facilitate comparison of cash forecasts with actual results as recorded on the books. This comparison will disclose errors in forecasts and should result in more accurate future estimates.

6) Provide a detailed schedule of construction costs and construction contract advances. 4268

7) Establish a standard and uniform procedure for all companies to follow in preparing cash forecasts. This uniformity in method of preparation will permit the Ebasco organization, through comparisons of the results obtained by various companies to make available to the associated companies benefits arising from such studies.

CASH BUDGET FORMS

The Cash Budget consists of the following four forms: 4269

#8963—A Cash Budget—Estimate of Cash Receipts and Disbursements
#8963—B Cash Budget—Detailed Estimate of Operating Collections
#8963—C Cash Budget—Detailed Estimate of Operating and Construction Disbursements
#9153—Rev. Construction Budget Report

Exhibit 78

Detailed line by line instructions governing the
4270 use of the above forms are set forth on pages 9 to 31 inclusive. (Not printed in this exhibit.)

CASH BUDGET—RELATION TO ENTIRE BUDGET SYSTEM

The entire Budget System consists of:

A—Sales Budget
B—Operating Budget
C—Construction Budget
D—Cash Budget

4271

The first three of the above Budgets are prepared from carefully compiled information and set forth respectively the anticipated operating revenues, operating expenses and the construction program. These Budgets are designed to reflect the main business activities of the company. They do not report these activities in terms of cash.

The Cash Budget has been founded upon the principle of converting the Sales, Operating and Construction Budgets into cash. This is the proper principle to follow providing care has been used in the
4272 preparation of those three Budgets to the end that they will correctly reflect the activities of the business for the period involved. The principal source of cash comes from the regular business of the company. Cash from "financing and borrowing" results from arrangements for the funding of debts normally incurred for plant facilities and therefore such a source cannot be relied upon as a means for carrying on the current operations of the business. Hence, too great importance cannot be placed

upon cash derived from the regular business and too great care cannot be used in working out the formula. Likewise, serious consideration must be given to the control of funds in order that the cash may be conserved. 4273

The method developed for converting the Sales, Operating and Construction Budgets into terms of Operating Collections and Operating and Construction Disbursements, also involves forecasting changes in important Balance Sheet accounts. These estimated changes provide a ready comparison with the actual changes as shown by the books of the company. This eliminates the necessity of making exhaustive and elaborate analyses to obtain such comparisons. 4274

GENERAL DESCRIPTION OF CASH BUDGET FORMS

Form 8963—A Cash Budget—Estimate of Cash Receipts and Disbursements

This form classifies receipts and disbursements between regular business and financing and borrowing. It has been arranged to conform with form 9072 of the Cash Control and Conservation Report thereby eliminating adjustments when transcribing information from this form to form 9072 of the Cash Control and Conservation Report. 4275

The procedure to determine Operating Collections and Operating and Construction Disbursements are worked out in detail on the following Cash Budget forms 8963—B Detailed Estimate of Operating Collections and 8963—C Detailed Estimate of Operating and Construction Disbursements.

4276 Other *Cash* collections and *Cash* disbursements to be entered on this form present no serious difficulties. It is desired to emphasize that fixed commitments due on the first day of the month should be entered in the "Regular Business" section of the form in the month in which the payment will be made. However, to insure making financial plans and arrangements for such fixed commitments this form provides (on line 56) that these commitments shall be entered as a memorandum in the previous month's column.

4277 *Form 8963—B Cash Budget—Detailed Estimate of Operating Collections*

This form is a work sheet for forecasting the Operating Collections appearing on Cash Budget form 8963—A Estimate of Cash Receipts and Disbursements. It is designed to carry out the principle that a forecast of Operating Collections should be based on the estimated Operating Revenues as set forth in the Sales and Operating Budgets. The form therefore starts with Operating Revenues, followed by a series of additions to, and

4278 adjustments of Operating Revenues necessary to convert such Operating Revenues into cash, that is, Operating Collections.

The additions to and adjustments of Operating Revenues required to arrive at Operating Collections are as follows:

1) Adjustment of Operating Revenues to a true gross basis with respect to merchandise and by-product sales accomplished by:

a) Eliminating the Net Profit from merchan-

dise and by-product sales included in the estimated Operating Revenues. 4279

b) Adding to Operating Revenues the Gross Revenues from merchandise and by-product sales.

These additions and adjustments are made on lines 10 and 23 for merchandise and on lines 11 and 24 for by-products.

By making the above additions and adjustments the form reflects at this point the maximum amount that could be collected from current operating sales, which, of course, must be further adjusted, as explained in the following sections of this paragraph, to arrive at the anticipated Operating Collections. 4280

2) Additions to provide for cash collections and charges to accounts receivable that do not affect Operating Revenues:

These additions represent transactions such as receipts of customers' deposits or billings to others of payroll or materials and supplies that are not passed through Operating Revenues. These additions are provided for on the form by lines 12 to 17 inclusive. 4281

It is necessary to make these additions in order to account for Operating Collections arising from transactions that are not passed through Operating Revenues.

3) Adjustments to cover changes during period in volume of outstanding accounts receivable:

Up to this point there has been set up on the form the estimated gross charges to accounts receivable that will arise during the period

from current operations; the collections arising during the period from operations that are not passed through accounts receivable; and the operating collections that will arise during the period from transactions that are not included in Operating Revenues. The maximum amounts therefore collectable from operations arising during the period of the forecast have been treated as cash collections. All of the charges to accounts receivable during the period of the forecast will not be collected in cash, while on the other hand cash collections will be made of accounts receivable outstanding at the beginning of the period. It is therefore necessary in arriving at Operating Collections to determine the change that will take place in the outstanding Accounts Receivable.

4282

4283

To estimate the change that will take place in accounts receivable will require consideration of the following elements:

a) Anticipated collections to be made of accounts existing at the beginning of period.

b) Gross charges to be made to accounts receivable during period being the estimated Operating Revenues after applying the adjustment previously described to place merchandise and by-product sales on a gross basis.

4284

c) Portion of (b) above anticipated to be collected during period.

d) Bad debts to be written off; customers' deposits applied; and allowances and adjustments made.

e) Merchandise to be returned and replevined.

f) Anticipated settlement of accounts by notes, warrants or other forms of indebtedness. 4285

The estimated increase or decrease in accounts receivable is important because of its influence upon the accuracy of the estimate of Operating Collections. The collection of any large municipal or other accounts in arrears should be given special attention so that they may be properly reflected. Likewise current accounts that may fall in arrears should be given special attention. To estimate the change in accounts receivable involves consideration of existing and possible changes in business conditions in the territory served and also the policy of the management with respect to collections. 4286

Frequent comparison of the estimated changes in accounts receivable with the book record of actual results will promptly disclose errors in estimating.

The change in accounts receivable is provided for on the form by lines 18, 19 and 20.

4) Adjustment of non-cash credits to accounts receivable during the period. 4287

In estimating the change that will take place during the period in accounts receivable as described in (3) above, it is necessary, in order for the estimate to be comparable with actual results, to consider the reduction that will take place on account of credits to accounts receivable from:

a) Accounts settled other than by cash,

b) Customers' deposits applied,

c) Merchandise returned and replevined,
4288 d) Bad debts written off, and
e) Allowances and adjustments.

The estimated reduction in accounts receivable due to considering these items will have the same effect on the estimated Operating Collections as the estimated collection of cash. Therefore, as these items are not cash transactions, it is now necessary to offset their effect by treating them as reductions.

These adjustments are provided for on the form by lines 25 to 30 inclusive.

4289 The application to Operating Revenues of the additions and adjustments described above brings about a figure representing Operating Collections.

Form 8963—C Cash Budget—Detailed Estimate of Operating and Construction Disbursements

This form is a work sheet designed to reflect the forecast of Operating and Construction Disbursements appearing on Cash Budget form 8963—A Estimate of Cash Receipts and Disbursements. It
4290 is based on the principle that a forecast of Operating and Construction Disbursements should have as a foundation the estimated operating expenses and construction costs as set forth in the Operating and Construction Budgets. The form therefore starts with Operating Expenses and Construction Costs as a base and is followed by a series of additions to, and adjustments of the Operating Expenses and Construction Costs. These adjustments are required in order to convert the combined Operating

and Construction Costs into terms of cash, that is, Operating and Construction Disbursements. 4291

It will be observed that Operating and Construction Costs are combined on this form so that comparisons may be made with actual results as recorded on the company's books.

Total Operating Expenses, Construction Costs and Total Additions and Adjustments as reflected by this form are transcribed to Cash Budget form 8963—A Estimate of Cash Receipts and Disbursements.

The additions to, and adjustments of Operating Expenses and Construction Costs required to arrive at Operating and Construction Disbursements are as follows: 4292

1) Addition to provide for Cash Disbursements not included in Operating Expenses or Construction Costs.
These additions consist of Disbursements which are not passed through Operating Expenses or Construction Costs such as:
a) Cost of merchandise purchased for resale,
b) Payrolls, materials and supplies charged to others,
c) Refunding of customers' deposits and advances. 4293
These additions are covered by lines 11 to 18 inclusive.

2) Adjustments to cover changes in certain Balance Sheet accounts.
Because of the use of Operating Expenses and Construction Costs as the bases of determining Operating and Construction Disbursements,

obviously it is necessary to adjust them to a
4294 cash disbursement basis. This adjustment is accomplished by estimating the changes that will take place in the Balance Sheet accounts covered by lines 19 to 25 inclusive and are explained in the following sections of this paragraph:

a) The most important change from the standpoint of its effect on the forecast of Operating and Construction Disbursements will be the change in Materials and Supplies. Particular care should be taken in
4295 estimating this change to give full consideration to materials or supplies on hand which will be used in operations or on construction but which will not be replaced during the period of the forecast. Any decrease in Materials and Supplies means, of course, the conservation of cash. The forecasting of the change that will take place in the Materials and Supplies account should be a valuable aid in the planning of purchases.

4296 b) In order to eliminate the accruals included in Operating Expenses and Construction Costs and substitute therefor cash disbursements, it is necessary to estimate the changes in the Prepaid, Accrued, Sundry Debit and Sundry Credit accounts and Operating Reserves.

3) Deduction of non-cash items and items separately provided for on Cash Budget form 8963—A Estimate of Cash Receipts and Disbursements.

Exhibit 78

The items listed on the form on lines 27 to 31 inclusive, that is,— 4297

Taxes included in operating expenses, construction costs and billings
Maintenance included in construction costs
Interest during construction included in construction costs
Accruals to reserve for bad debts included in operating expenses

are either accruals included in Operating and Construction Costs not representing cash disbursements or are provided for separately on Cash Budget form 8963—A Estimate of Cash Receipts and Disbursements. Therefore, they must be deducted from Operating and Construction Costs in arriving at Operating and Construction Disbursements. 4298

Down to this point the estimated Operating and Construction Disbursements have been arrived at by applying to estimated Operating and Construction Costs, the additions and adjustments just described. The balance of the form is devoted to a breakdown of estimated Operating and Construction Disbursements into the three main classes of expenditures, namely: 4299

A—Payrolls
B—Purchases of materials and supplies
C—Sundry disbursements

in accordance with which cash is actually disbursed. This section of the form should be of real aid to

the management in planning and controlling future
4300 operations. Payrolls and purchase of materials and supplies constitute by far the major portion of a company's expenditures and as they have such a vital effect on actual operations it follows they should be given full consideration when planning such operations.

The total of this section of the form as indicated by line 51, consisting of Payroll, material and supply purchases and sundry disbursements, should agree with the amount arrived at as Operating and Construction Disbursements on line 34 of this form.

4301

Form 9153—Rev. Construction Budget Report

This form serves two distinct purposes.

The first relates directly to the Cash Budget in that it furnishes the detail by individual construction jobs of the amounts appearing on Cash Budget form 8963—A Estimate of Cash Receipts and Disbursements and 8963—C Detailed Estimate of Operating and Construction Disbursements as construction costs and construction contract advances.

4302 The second purpose, and the one that does not relate to the Cash Budget, is that it serves as a construction progress report.

Exhibit 79

MASTER BUDGET 4303

Form No. 9250

SPECIMEN FORMS, EXPLANATIONS AND INSTRUCTIONS FOR THE PREPARATION OF THE MASTER BUDGET FOR THE YEAR 19.. 4304

_____

(Company)

Approved

_____

_____

_____

Date Prepared_____

4305

ELECTRIC BOND AND SHARE COMPANY

NEW YORK

Exhibit 79

4306 ELECTRIC BOND AND SHARE COMPANY

December 1934

THE MASTER BUDGET

SCOPE

The master budget is essentially a summary of the other budgets, operating, cash, sales and construction. It brings together in compact form all important data with respect to the budget plan
4307 as a whole. It carries the estimated results of this plan through into a projected balance sheet for the close of the budget year.

It requires no additional basic data and involves no additional budget procedure, except as to determination of certain expected changes, largely of a routine character, in a few balance sheet accounts. The summaries of the four underlying budgets are abstracted directly from these budgets and the projected balance sheet is prepared principally and in a relatively simple manner from data in these budgets.

4308

PURPOSE

The primary purpose of the master budget is to aid the management in review of the entire group of budgets prior to final approval. The compact summaries of the underlying budgets assembled together bring out clearly the relationship and

points of inter-dependence between the individual budgets. The projected balance sheet brings out 4309
a number of important factors which should be taken into account in the plans for the budget year and which except for the balance sheet would not be revealed. While the other budgets do show, in different places, the estimated effect of the year's operations upon surplus, cash and property, they do not show important items revealed by the balance sheet such as estimated status of accounts receivable, notes and loans receivable, other current assets, current liabilities, long term debt, contractual obligations, and reserves. A clear picture of 4310
the result of the year's operations upon the condition of the company as revealed in the balance sheet should contribute substantially to intelligent planning.

The projected balance sheet is in a sense the key-stone of the entire budget structure. It is as valuable in appraising the expected condition of the company at the end of the budget year as is the current balance sheet in appraising the present condition of the company.

In addition to its assistance in reviewing the budget program before approval, the master budget 4311
affords a convenient and helpful reference document for use at any time in connection with budget matters and for discussion of the company's plans for the year with those who may not have detailed familiarity with the rather voluminous underlying budgets.

Exhibit 79

MASTER BUDGETS TO BE PREPARED

4312 A master budget is to be prepared for each operating company whether a direct subsidiary of a holding company or a subsidiary of an operating company.

Consolidated master budget forms need *not* be prepared for operating groups involving parent operating companies with subsidiaries.

One copy of each master budget should be addressed to the Operating Sponsor and three copies addressed to the Accounting Department-Operating Division, Electric Bond and Share Company,
4313 Two Rector Street, New York, N. Y.

If an operating company has one or more subsidiaries, forms of the group shall be bound in one cover.

Specimen forms for use in the master budget and detailed instructions for their preparation follow.

DETAILED INSTRUCTIONS FOR PREPARING MASTER BUDGET

4314 The Master Budget will consist of a letter of comments and seven forms. Form numbers and suggested order of arrangement are as follows:

* Form 9250—Cover
Comments on Program for Budget Year
** Form 9251—Projected Balance Sheet
* Form 9252—Projected Schedule of Capital Stock and Long Term Debt
* Form 9253—Estimate of Income
* Form 9254—Summary of Estimated Cash Receipts and Disbursements

* Form 9255—Summary of Construction Budget
* Form 9256—Summary of Sales Budget 4315
* Form 9257—Transfers between Balance Sheet Accounts
(Not included in Operating Cash Budgets)

I. COMMENTS ON PROGRAM FOR BUDGET YEAR

These comments should consist of the following:

a—Present and anticipated future conditions in the territory served.
b—General policies of the company during the budget year. 4316
c—Reasons for important increases or decreases in revenue or expense items.
d—Major objectives of sales promotional activities during the budget year.
e—Important features of new construction program.
f—Replacement and maintenance program, and the relation thereof to the condition of the property.
g—Possible developments or contingencies not covered in the budget plans which may affect the company's operations. 4317

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* Form and instructions appertaining thereto omitted in this exhibit.

** Form and part of the instructions appertaining thereto omitted in this exhibit.

4318 Since the Master Budget in both purpose and form is a summary of the budget program, the comments should preferably be fairly concise, insofar as may be consistent with a clear discussion of important features and issues. These comments are an integral part of the Master Budget and should be approved by the chief operating executive.

II. PROJECTED BALANCE SHEET—FORM 9251

General

4319 This form is designed to show the resulting financial position of the company at the end of the budget year as it would be if the plans set forth in the various budgets were actually carried out. There shall be shown in the space provided at the bottom of the form such qualifying notations as would ordinarily appear on a balance sheet for publication.

Since the form provides for a balance sheet both at the end of the previous year and also the end of the budget year, the preparation of this form will

4320 necessitate:

First—A trial balance of all operations affecting balance sheet accounts for those months preceding the budget year for which actual results are not available when the budgets are prepared.

Second—A trial balance of all operations which will affect balance sheet accounts, during the budget year, as set forth in the various budgets for the year.

For the balance sheet as of the end of the previous year, no detailed instructions for preparation are necessary. In principle this year-end balance sheet is developed from the latest available balance sheet in the same manner as is outlined below for the development of the balance sheet at the end of the budget year, although in practice a more direct estimating procedure will probably be found convenient. Non-routine entries to be made at the close of the year will probably be readily determinable at the time budgets are prepared. Due attention should be given to entries to clear all disposable items from expenditure requisitions and from sundry debits and sundry credits. 4321 4322

The balance sheet at the end of the budget year should show the effect of all operations disclosed by the sales, operating, construction and cash budgets, as well as of transfers between balance sheet accounts which do not involve operation, construction or cash. These transfers will be discussed further on a subsequent page.

The trial balance to show the effect of the budget program is greatly simplified by the facts (a) that the results of the sales budget and the construction budget are already taken into account in the cash budget, and (b) that the cash budget procedure for converting operating revenues, operating expenses and construction costs to a cash basis is built up upon estimates of changes in balance sheet accounts. 4323

The recommended procedure for developing the effect upon the balance sheet of the program embodied in the cash and operating budgets is to set up a working sheet showing balance sheet accounts

at the end of the previous year and providing space
4324 for the posting as debits and credits of all items appearing in Forms 9084 and 9085 of the operating budget and in Forms 8963 A-B-C of the cash budget. While a number of the items so posted will exactly cancel, the complete posting will tend to prevent errors and omissions.

The captions in the operating budget forms and most of those in the cash budget will disclose the balance sheet accounts to be affected by the postings. Where the account concerned is not evident from the captions, recourse must be had to the
4325 underlying data supporting the cash budget entry.

A suggested procedure follows for posting the operating and cash budget transactions that affect balance sheet accounts. Form 9257 has been provided to record those transactions affecting the balance sheet accounts which will not be reflected by the operating or cash budgets. It is realized that the suggested form of entries for posting does not conform to the type of entries that will be made from day to day to record the actual transactions, but this method is suggested as a convenient means of building up the projected balance sheet which,
4326 through the short cut it takes, eliminates a multiplicity of entries that otherwise would be necessary; furthermore the consideration of all budget transactions is assured.

Exhibit 80

RECOMMENDED CLASSIFICATION OF ACCOUNTS

4327

ADOPTED JULY 1, 1927

REVISION JANUARY 1, 1930

FOR

ELECTRIC
GAS—MANUFACTURED
WATER
RAILWAY
MOTOR COACH
TELEPHONE
STEAM AND HOT WATER HEATING
ICE
LIGHNITE
STEAM LAUNDRY
MERCHANDISE
GAS—NATURAL

4328

ELECTRIC BOND AND SHARE COMPANY
TWO RECTOR STREET
NEW YORK

4329

I N D E X

	Page
General Information	—
Balance Sheet Accounts All Departments	*
Income Accounts—All Departments	*
Profit and Loss—Surplus Accounts—All Departments	*
General Office Accounts—All Departments	*

* Omitted from this exhibit.

Exhibit 80

Electric

4330

Fixed Capital Accounts .....
Operating Revenue Accounts .....
Operating Expense Accounts .....

Gas—Manufactured

Fixed Capital Accounts .....
Operating Revenue Accounts .....
Operating Expense Accounts .....

Water

4331

Fixed Capital Accounts .....
Operating Revenue Accounts .....
Operating Expense Accounts .....

Railway

Fixed Capital Accounts .....
Operating Revenue Accounts .....
Operating Expense Accounts .....

Motor Coach

4332

Fixed Capital Accounts .....
Operating Revenue Accounts .....
Operating Expense Accounts .....

Telephone

Fixed Capital Accounts .....
Operating Revenue Accounts .....
Operating Expense Accounts .....

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*Omitted from this exhibit.

Exhibit 80

Steam and Hot Water Heating

4333

Fixed Capital Accounts ..... *
Operating Revenue Accounts ..... *
Operating Expense Accounts ..... *

Ice

Fixed Capital Accounts ..... *
Operating Revenue Accounts ..... *
Operating Expense Accounts ..... *

Lignite

Fixed Capital Accounts ..... * 4334
Operating Revenue Accounts ..... *
Operating Expense Accounts ..... *

Steam Laundry

Fixed Capital Accounts ..... *
Operating Revenue Accounts ..... *
Operating Expense Accounts ..... *

Merchandise

Operating Accounts ..... *

4335

Gas—Natural

Fixed Capital Accounts ..... *
Operating Revenue Accounts ..... *
Operating Expense Accounts ..... *

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*Omitted from this exhibit.

Exhibit 80

GENERAL INFORMATION

4336

In conjunction with the revised financial and operating report forms we have divided the Classification of Accounts for the electric, gas, water, railway and ice departments into two classes, one class for the suggested use of companies in foreign countries and in states of the United States that are not subject to regulatory body accounting classifications, the other class for companies subject to regulatory body accounting classifications, and for those companies whose operations are of
4337 such size that the abbreviated classification will not give the history of the business in sufficient detail. The classification of accounts for the motor coach, telephone, and steam and hot water heating departments has not been subdivided, the thought being that one set of accounts will be sufficient for these operations.

The method of distinguishing between the two classifications is predicated upon a decimal system of numbering accounts, the whole numbers representing the abbreviated classification whereas the complete classification will be made up of a com-
4338 bination of both whole numbers and decimal numbers. By the introduction of the decimal system of numeration we have been able to assign a definite series of numbers to each class of business, such as Electric—200; Gas—300; Water—400. In the same manner we have been able to assign a definite number to the different classes of fixed capital, operating revenues, operating expenses and the general and miscellaneous expenses. For instance, "Land" in the Electric Department is 203, in the

Gas Department 303, and in the Water Department 403. The revenues will start in each group with 20, operating expenses with 30, and general and miscellaneous expenses with 59. 4339

You will appreciate from the recommended form of financial and operating report to be sent to this office it leaves you with two choices as to the method of keeping your accounts, therefore, we recommend that you discuss with the proper authorities in your respective communities the advisability of keeping the abbreviated classification of accounts wherever it is possible and practicable to do so. It may develop that some companies can use the abbreviated classification as it relates to the fixed capital and not by revenues and expenses; then again, some companies may wish to have the full detail on the steam power plant fixed capital but very little detail on the transmission and distribution fixed capital. In all such cases we recommend that you use the sections of the two classifications as they best fit your individual needs. 4340

In closing, may we state that there is nothing in any part of the recommended financial and operating report forms or the supplements to the classification of accounts that is contradictory to the principles of the regulatory body accounting classifications. We are now taking advantage of the opportunities that these classifications have always afforded, i. e., "Complete details for some operations and a lesser amount for others"; bearing in mind at all times that the only reason for the securing of the information is that we might serve better our customers and those who entrust their capital to our care. 4341

Exhibit 81

4342 **TAX REPORT**

ELECTRIC BOND AND SHARE COMPANY
TWO RECTOR STREET
NEW YORK

September 20, 1932.

MEMORANDUM REPORT OF TAXES

FORM NO. 9048

4343 The Memorandum Report of Taxes is to include all taxes which can be identified as such by the company bearing the tax. Taxes which are accrued in advance of payment or which are paid at the beginning of the period to which they apply, are not to be reported at the time they are paid, but shall be reported at the time the Taxes Accrued or Prepayment account is credited and distribution made to operating expenses, expenditure requisitions or other final account.

The Financial and Operating Report shows those taxes as such, which are paid or to be paid directly
4344 to the Federal, state and local tax collectors. The numerous excise and other small taxes which have recently assumed importance cannot be identified as taxes on the books of account or in the Financial and Operating Report. This Memorandum Report of Taxes has been designed to determine as closely as practicable the actual amount of taxes paid by the company.

Exhibit 81

INSTRUCTIONS FOR THE PREPARATION OF MEMORANDUM REPORT OF TAXES FORM NO. 9048

4345

General:

This report shall be prepared monthly beginning with the month of October, 1932. It is not a part of the Financial and Operating Report. If the Memorandum Report of Taxes is completed in time, it may be bound in the Financial and Operating Report as a memorandum, after the trial balance sheets, Forms No. 9049 and 9050.

4346

Information for periods prior to October 1, 1932 shall not be reported. Therefore, the report for the months from October to December 1932, inclusive, will report the current month only.

The "Year to date" column shall be used beginning with the month of February, 1933. The "12 mos. ended current month" column shall be used beginning with the month of September, 1933.

The "Increase over last year" columns shall each be used beginning one year after the date at which the respective "This year" column was first used.

4347

Individual reports:

A separate report shall be prepared for each client operating company which does not have a subsidiary company or subsidiary companies.

Consolidated reports:

A consolidated report shall be prepared for each parent operating company and its subsidiary com-

pany or companies. Therefore, when a bill con-
4348 taining a charge for taxes is vouchered by a parent company, all or a portion of which is chargeable to its subsidiary companies, the final distribution on the books of the company ultimately bearing the charge will be reported and not the distribution by the parent company to accounts receivable-affiliated companies.

Taxes paid for others:

When a bill containing a charge for taxes is vouchered, all or a portion of which is chargeable
4349 to another company not a subsidiary of the company directly paying the tax, the report shall not include any portion of the tax charged to the other company not a subsidiary of the reporting company.

This will also apply to the 3% Federal Tax on the residential and commercial consumption of electric energy and to excise taxes included in the purchase price of merchandise appliances where the tax will be passed on to the customer in the sales price.

Taxes paid by others:
4350

When another company, whether affiliated or not, pays a tax and includes this tax in its bill to the reporting company in such manner that the tax may be separately identified, the tax shall be included in this Memorandum Report of Taxes if it is not to be rebilled to a merchandise customer or to another company.

This shall apply with particular reference to taxes on gasoline, oil, automobile accessories, bank

checks, safe deposit boxes and telephone, telegraph, radio and cable messages. While it is not necessary 4351
to account for every last cent paid for this class of taxes, those individuals and companies who *regularly* supply the taxable services and commodities should be requested to indicate the amount of the tax as a separate item on their bills. Taxes of this nature paid on minor or occasional purchases such as through personal expense accounts and small purchases through petty cash funds, need not be reported.

CLASSES OF TAXES 4352

State, county and local taxes:

State, county and local taxes shall be subdivided as follows:

1. Real Estate Taxes
2. Personal Property Taxes
3. State Income Taxes (based on net income)
4. Gross Receipts Taxes (based on receipts)
5. Sales Taxes (based on net sales)
6. Franchise Taxes
7. Tax on kilowatt hours sold in those states where a tax in levied thereon which the company is not allowed to pass on to the customer. 4353
8. Miscellaneous state, county and local taxes. Include such items as:
   (a) Capital Stock Taxes
   (b) Stock Transfer and Issue Taxes
   (c) Corporate Loan Taxes
   (d) Severance Taxes

(e) License Fees to do business
4354 (f) Motor Vehicle Registration Fees
(g) Motor Vehicle Carriers' Special Taxes
(h) State Gasoline and Oil Taxes.

Federal taxes:

Taxes levied by the Government of the United States of America shall be subdivided as follows:

1. Federal Income Tax
2. Excise Taxes only where same are not passed on to the customer. Include taxes
4355 on:
(a) Radios
(b) Mechanical Refrigerators
(c) Passenger Cars
(d) Auto Trucks
(e) Auto Accessories
(f) Tires
(g) Tubes
(h) Federal Gasoline and Oil Taxes.
3. Miscellaneous Federal Taxes paid by the reporting company. Include taxes on:
(a) Stock and Bond Transfers and Issues
4356 (b) Bank Checks
(c) Safe Deposit Boxes
(d) Leased Wires
(e) Telephone, Telegraph, Radio and Cable Messages
(f) Stamp Taxes
(g) Bond Coupon Taxes.

Other taxes:

4357

Other taxes shall include taxes of any kind paid to foreign governments and their subdivisions or any taxes which have not been enumerated above and which cannot be classified elsewhere. A note as to the nature of "Other Taxes" shall be made in the "Comment" section of the report form or, if there is insufficient space in that section, on the back of the report form.

Totals:

"Total all taxes" under Nature of Taxes shall equal "Total all taxes" under Distribution of Taxes. 4358

DISTRIBUTION OF TAXES

General:

While the purpose of this report is to show all taxes borne by the company, it is not intended to void any operating expense comparisons. Therefore, such taxes as excise taxes on tires, tubes, gasoline, oil and telephone, telegraph, radio and cable messages shall continue to be charged to the operating expense or other account affected by the cost of the commodity or service on which the taxes are based, but the amount of the tax shall also be shown on this memorandum report. Taxes on checks shall be charged to the tax account in operating expenses and reported hereon. 4359

It is therefore apparent that the distribution of taxes to operating expenses reported in this section will not be in the same amount as the charge to "Taxes" in the operating expense accounts nor will

the amounts here reported as charged to such ac-
4360 counts as Fixed Capital or Materials and Supplies be capable of identification on the books of account. Nevertheless, this distribution will be reasonably correct if care is exercised in abstracting the data from the vouchers and journal entries.

Charged to operating expenses:

Enter on the line "Operating expenses", that portion of the total amount of taxes reported under "Nature of Taxes," which has been charged to any of the operating expense accounts during the period.

4361

Charged to fixed capital:

Enter on the line "Fixed capital," that portion of the total amount of taxes reported under "Nature of Taxes," which has been charged to any of the fixed capital, expenditure requisitions, or investments accounts during the period.

Charged to merchandise operations:

Enter on the line "Merchandise operations," that
4362 portion of the total amount of taxes reported under "Nature of Taxes," which has been charged to merchandising expenses during the period, but those taxes which have been charged to cost of sales and included in the sales price to the customer, should not be included in this report.

Charged to materials and supplies:

Enter on the line "Materials and supplies," that portion of the total amount of taxes reported under

"Nature of Taxes," which has been charged to materials and supplies during the period, but those taxes on merchandise or other stores which are to be resold with the amount of the tax included in the sales price, should not be included in this report. 4363

Charged to deductions from gross corporate income:

Enter on the line "Deductions from Gross Corporate Income," that portion of the total amount of taxes reported under "Nature of Taxes," which has been charged against gross corporate income during the period. 4364

Charged to other accounts:

Three blank lines have been provided to account for infrequent charges to such accounts as Profit and Loss—Surplus, Reserve for Contingencies and Reserve for Taxes, when and as they occur. Such charges should be explained under "Comment."

Comment: 4365

This section of the report shall contain brief references to the general tax situation and explanations of "Other taxes" and distribution of taxes to other accounts as heretofore provided.

September 20, 1932.

Exhibit 82

4366 **BIBLIOGRAPHY OF MATERIAL DISTRIBUTED TO ALL OR SUBSTANTIALLY ALL SERVICED COMPANIES BY BOND AND SHARE AND EBASCO DURING YEAR 1935**

Distributed by Accounting Department

Each of the following items was prepared by the Accounting Department except where otherwise noted.

Accounting Bulletins

	Title	*Description*
4367	Accounting for Discount on Property Taxes paid in Advance or Interest Penalty for Delay in Payment Thereof.	One page letter of January 1 1935.
	Accounting for Rate Department, Load Checking, General Customer Contact, and Institutional Advertising Expenses.	2-page letter of February 4, 1935
	Classification of Accounts.	One page letter of February 15 1935.
	Large Commercial and Industrial Customers Contracted for During Current Month—Forms 9036 and 9037.	One page letter of July 1, 1935.
4368	Postal Regulations.	3-page letter of July 30, 1935 transmitting a 30-page memorandum prepared by the Legal Department of Bond and Share entitled "In re: Postal Regulations Relative to Hand Delivery of Bills—Shipment of Meter Books and Bills—And Other Matters" dated June 17, 1935.
	Dispatch of reports and data to office of Electric Bond and Share Company.	7-page letter and chart, August 15, 1935.
	Discounting of Company Paper.	One page letter, September 4, 1935

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Exhibit 82

Title	*Description*	
nterpretation of Postal Regulations Relative to Shipment of Meter Books, Bills, and Proof Tapes.	One page letter, September 27, 1935, transmitting copies of correspondence between Florida Power & Light Company and the Post Office Department including an opinion of the Solicitor of the Post Office Department clarifying regulations with respect to the transmittal of meter books, bills, and proof tapes between central billing offices and local offices by private express or by company messenger.	4369
ocial Security Act.	8-page memorandum of October 10, 1935 discussing accounting procedure necessary to record the taxes imposed by the Social Security Act and the provisions of that Act appertaining to these taxes. Reference is also made to a memorandum discussing and analyzing the Social Security Act prepared by Bond and Share under date of October 9, 1935 and distributed to all serviced companies by Statistical Department.	4370
ffiliated companies.	One page letter of October 28, 1935. The interpretation here made was entirely modified and superseded by an Accounting Bulletin carrying the same title distributed as a one page letter, February 7, 1936.	4371
aterials and Supplies.—Transportation Cost on Shipments from a Central Storeroom.	One page letter of October 11, 1935.	

Exhibit 82

Title	*Description*
4372 Accrual of Taxes for Social Security Act.	One page letter of November 1, 1935.
Form 9047 Statement of Intercompany Elimination.	One page letter of November 7, 1935.
Casualty and Insurance Reserve.	3-page letter of December 28, 1935.
Accounting for Insurance Premiums.	2-page letter of December 30, 1935.

Accounting System Bulletins

No. 1—Strip Sheet or Peg-Board Accounting.	7-page memorandum of October 8, 1935.
No. 1A—Daily Cash Report.	One page letter of October 8, 1935
4373	with two form illustrations Explains use and preparation of Daily Cash Report.
No. 1B—Revenue Summary.	One page letter of October 23, 1935 and form of Revenue Summary designed for use in connection with strip sheet accounting. Also transmitted therewith was a pamphlet furnished by Burroughs Adding Machine Company describing a method of zone analysis by revenue classification which is used by
4374	a number of companies in New York City and vicinity.
No. 1C—Semi-Monthly Time Report.	2-page letter of November 18, 1935 explaining accompanying form of individual semi-monthly time report from which a payroll distribution summary can be obtained on a peg board.
No.1D—Stores Control Summary.	2-page letter of December 23, 1935 explaining accompanying form of stores control summary, etc.

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Exhibit 82

General Letters

Circular memorandum covering information regarding dealers' sales of merchandise appliances, etc. March 25, 1935. 4375

Comparative chart of Customers' Accounting Expense of major domestic client operating companies with 2-page explanation and transmittal letter of June 28, 1935.

Analysis of merchandise stock on hand, accounts receivable not due, accounts receivable due for the period ended March 31, 1935 as compared with the period ended August 31, 1935 of major domestic client operating companies with one page transmittal letter of June 28, 1935. 4376

Letter requesting comments and experiences of serviced operating companies regarding the study and recommendations earlier submitted by Bond & Share in an endeavor to reduce the cost of the annual audit of client companies' accounts. 2-page letter of July 8, 1935.

Comments re: Proposed National Uniform Classification of Accounts. A brief review of the recent work of the National Association of Railroad and Utilities Commissioners in connection with the preparation of a revised classification of accounts for electric utilities and a discussion of features of such classification recently proposed by the Wisconsin Commission, a 9-page memorandum. This was accompanied by a 6-page copy of the opinion of the Appellate Division, Supreme Court, State of New York in the case of New York Edison Company v. Maltbie and by a 12-page memorandum entitled "Regulation by Accounting— 4377

4378 An Innovation" by Park Chamberlain, a lawyer associated with The United Light & Power Company. July 19, 1935.

Statement of Stores Issues—Purchase and Stores Expense and the Apportionment Thereof, Purchase and Stores Expense—Cents per $1.00 of Stores Issues, and Stock Turn-over Ratio 12 months ended May 31, 1935 of major domestic client operating companies, with one page letter of explanation and transmittal of July 29, 1935.

4379 Percentage Analysis of Electric and Gas Merchandise Sales Performance of major domestic client operating companies for twelve months ended June 30, 1935. Prepared by Accounting Department and distributed with Commercial Department 2-page transmittal letter of September 1, 1935.

Comparative chart of annual salaries and wages of accounting employees per customer for major domestic client operating companies for the period 1932 to June 30, 1935 with 2-page transmittal and explanatory letter of September 10, 1935.

4380 Comparative study of collection situation for 12 months ended July 31, 1935 of major serviced operating companies. 4 tabulations with one page transmittal and explanatory letter of October 23, 1935.

Accounting for Ebasco Plan Promotional Rates. Prepared jointly by Rate and Accounting Departments. 6-pages and 4 tables. November, 1935.*

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* Distributed to only four companies.

Exhibit 82

Classification of revenue and service and definition of a customer. 6-page pamphlet, originally issued and distributed January 1, 1930 in mimeograph form. Revised, printed, and distributed October, 1935. 4381

Analysis of operating expenses. Suggestions to client companies to aid them in preparation of their Analysis of Operating Expenses. 5-pages and form. November 4, 1935.

Comparative Study of General Expenses of major domestic client operating companies for twelve months ended August 31, 1935 with transmittal and explanatory letter of November 18, 1935. 4382

Three statements showing for domestic client operating companies:

1. Analysis of Ice Operations
2. Analysis of Motor Coach Operations
3. Analysis of Street Railway and Electric Coach Operations.

Each for 12 months ended September 30, 1935 and the increase over 12 months ended September 30, 1934. Accompanied by one page transmittal letter of November 26, 1935. 4383

Comparative chart of customers' accounting expense for major domestic client operating companies as of 12 months ended April 30, 1935, 12 months ended October 31, 1935, and a hypothetical 12 months figure based on an estimate equivalent to twelve times the month of October, 1935, with one page transmittal letter of December 9, 1935.

Percentage Analyses of Operating Results of Various Commercial Businesses as reported to Dun & Bradstreet for 12 months ended Decem-

ber 31, 1934 and Operating Results of Mer-
4384 chandise Activity of thirty major domestic client companies for 12 months ended June 30, 1935. Information on the various commercial businesses was procured from data contained in pamphlet published by Dun & Bradstreet Inc. Information pertaining to client companies was secured from "Statement of Percentage Relationship of Merchandise Sales Cost of Sales and Expenses to Total Gross Merchandise Sales for 12 months ended June 30, 1935" prepared by Accounting Department and which accompanied Commercial Depart-
4385 ment letter by H. F. Smiddy of September 1, 1935. 2-page transmittal and explanatory letter of December 27, 1935.

Explanation of Sales and New Business Report Forms: electric—form 9036, gas—form 9037.

24-pages with transmittal letter of December 10, 1935 and December 31, 1935.

Accounting Instructions and Forms

The following items were distributed prior to the
4386 year 1935. However, they are continuously serviced and revised as occasion requires. They are in current use and a supply is available to the client companies as required.

Recommended Classification of Accounts revised January 1, 1930. 74-pages.

Expenditure Requisition System. 52 pages. January, 1932.

Cash Control and Conservation Report con-

sisting of explanations and instructions (37 pages), classification of cash accounts (17 pages), and five forms. April, 1932, revised January 1, 1933. 4387

Financial and Operating Report—27 pages of explanatory matter and forms. December 1932.

Report on Customers' Accounting. 23-page pamphlet. October, 1933.

Recommended Procedure for Preparation and Typing of Statements. 21-page booklet prepared by E. Farrell of Bond and Share Operating Division. December 15, 1933. (This book was subsequently copyrighted and published by Mr. Farrell in 1935.) 4388

Distributed by Engineering Department

Except where otherwise noted each of the following items including those with an asterisk, was prepared by the Engineering Department.

4389

Exhibit 82

Engineering Letters

4390

Title	*Description*
No. 63—Frozen Foods; Notes on Preparation, Distribution and Power Requirements.	67-page booklet with bibliograph November, 1934, Revision March, 1935.
No. 69—Low-Speed Diesel-Engine Data, Analysis of A. S. M. E. Diesel Cost Report.	25-page booklet. January, 1935.
No. 70 — High-Speed Diesel-Engine Data.	Booklet of 43 pages. Februa 1935.
No. 71—Maintenance of Hydro Plant Equipment.	Reproduction of an article "Schedule Maintenance of H dro Plant Equipment" fro
4391	October, 1934, issue of *Powe* Article is part of a report W. G. Williams, Gen. Supt. Gatineau Power Company. P sented before the Canadian El tric Assoc. at Quebec June 13- 1934. 9-page booklet. Marc 1935.
No. 72—Automotive Vehicles—Renewal of Anti-Skid Treads on Worn Tires.	20-page booklet, April, 1935. Al Supplement #1, 3-pages, Apr 1935.
No. 73—Automotive Vehicles—Methods of Finishing Engine	11-page booklet, May, 1935.
4392 Cylinders after reboring.	
No. 74—Development of Electric Service to Farms.	14-page booklet with maps, et May, 1935.
No. 75—Gas Engine Data.	The information in this letter su plements and revises prices a specifications included in E gineering Department Rep entitled "Gas Engine Pow Costs" issued in April, 19 33-page booklet. August, 1935
No. 76—Simplified Wiring.	1935 revision of the National El trical Code. 4-pages. May 2 1935.

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Exhibit 82

Title	*Description*	
o. 77—Conversion of Present House Meters for Standard Interchangeable Mounting.	Supplementing Engineering Letter #61 issued September, 1934. Reproduction of a memorandum by Mr. J. D. Hertz of the Pacific Power & Light Company entitled "Some Notes on Method and Results in Converting Meters to Socket Type". 6-page booklet, with illustrations. June, 1935.	4393
o. 78—Automotive Vehicles—Modifications Available for Fleet Cars to Reduce Operating Costs.	28-page booklet with charts and illustrations. June, 1935.	4394
o. 79—Electric Distribution Engineering Conference held at Two Rector Street, New York, February 4-7, 1935.	Summary of Conclusions and Recommendations. 9-page booklet. July, 1935.	
o. 80—Economic Life of Diesel Engines.	Reproduction of a report prepared in office of Mr. H. H. Field, Public Service Company of Northern Illinois, Chicago, dated November, 1933. 16-page booklet. July, 1935.	
o. 81—Diesel Engine Competition.	Reproduction of stenographic transcript of address by J. S. Hartt, a Consulting Engineer of Madison, Wisc. delivered before a meeting of Fuel Engineers of Appalachian Coals Inc. at Cincinnati, June 18, 1935. 18-pages. August, 1935.	4395
o. 82—Economic Life of Diesel Engines.	Supplements Engineering Letters Nos. 80 and 81 issued in July and August, 1935, and collects opinion and actual data with respect to useful life of a diesel engine and as to cost and general operation. 16-pages, including extensive tabulations. August, 1935.	

Exhibit 82

	Title	*Description*
4396	No. 83—Voltage Drop in Secondary Mains of Overhead Distribution Systems. Effects of Conductor Spacing.	6-pages including charts. A 1935.
	No. 84—Diesel Engine Data.	Report on American Society Mechanical Engineers Oil a Gas Power Division Meeting; summary of papers presen and discussions held at the nual meeting in Tulsa, Ok May, 1935. 16-page bookl August, 1935.
4397		Also Supplement #1, Reprint complete text of paper "Die Engine Insurance" by H. Vander Eb of Hartford Ste Boiler, Inspection and Ins ance Company. 7-pages, A 1935.
	No. 85—New Orifice Meter Constants.	Supplements Engineering Depa ment Report on Orifice Mete for Gas Measurements issu October 30, 1932. A Reprodu tion of a report prepared by joint committee of the Americ Gas Association and the Ame
4398		can Society of Mechanical En neers in cooperation with U. Bureau of Standards. 50 pag and appendix. Dated May 1935. Reproduced by Enginee ing Department September 1935.
	No. 86—Automotive Vehicles. Accident Prevention in Utility Company Fleets.	28-page booklet, August, 1935. Also Supplement #1, 1-page, Sep 1935 calling attention to a giving quantity prices of r prints of the article "And Su den Death" by J. C. Furn published in Readers Dige August, 1935.

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Exhibit 82

Engineering Reports

Title	*Description*	4399
mparison of Gas and Electricity or Residential Cooking, Water Heating and Refrigeration.	Prepared jointly by Rate, Commercial and Engineering Departments. 22-pages. June, 1935.	
port to Client Companies on Distribution Transformer Performance and Distribution Line Performance during 1934.	Digest of operating experience for 1934 of 16 of the serviced companies. 26-pages. July, 1935.	
r Conditioning Report to Electric Bond and Share Operating Companies, 1934-35.	225-pages. August, 1935.	
view of Bituminous Coal Conservation Act of 1935—Effect on Coal Costs of Electric Bond and Share Company Group.	Total of 33-pages. October, 1935.	4400
morandum; Simplified Building Wiring; Introduction of a New "Covered Neutral" Concentric System.	16-pages with illustrations. November 20, 1935.	
port to Client Companies on Transmission Line Performance to and Including 1934.	Review and digest of operating experience of a number of the client companies. 16-pages. November, 1935.	
r Conditioning Installation. Outline of Equipment and System Types.	A paper prepared for air conditioning symposium by Electrical Equipment Committee of Edison Electric Institute presented at meeting in Chicago, October 8, 1935. Reproduced and distributed by Engineering Department. 37-pages. December, 1935.	4401

Periodic data prepared by Plant Betterment Division of Engineering Department and distributed to operating companies.

Exhibit 82

4402 The following charts and tabulations allow each operating company and plant organization to compare their own performance and costs with plants of other client companies. They also show increase or decrease in efficiency and costs from year to year for individual stations.

Comparison sheets of major steam plants entitled, "Steam Electric Stations—Equipment Performance and Production Cost Data (Sheet No. 1—D-38100)". Covers 27 major steam plants of domestic and foreign client operating companies listing major turbines
4403 and boilers, operating data and itemized production costs. Distributed monthly and annually.

Comparison sheets of secondary steam plants entitled "Equipment Performance and Production Cost Data (Sheet No. 2—D-38100)". Covers 21 plants of domestic and foreign client operating companies listing major turbines and boilers, operating data and itemized production costs. Distributed monthly
4404 and annually.

Comparison sheets of major Diesel plants entitled "Diesel Electric Stations—Equipment Performance and Production Cost Data, (Sheet No. 1—D-38800)". Covers 40 major Diesel Stations of foreign and domestic client operating companies. Lists major plant equipment, operating data, and itemized production costs. Distributed monthly and annually.

Exhibit 82

Comparison sheets entitled "Steam Electric Stations—EBASCO SERVICES INCORPORATED—Comparative Performance and Production Cost Data". Gives major items of performance and production cost data for all steam electric stations listed on Sheet Nos. 1 and 2 of D-38100. Distributed quarterly on annual basis. 4405

Comparison sheets entitled "Diesel Electric Stations—EBASCO SERVICES INCORPORATED—Comparative Performance and Production Cost Data". Gives major items of performance and production cost data for all Diesel Electric Stations listed on Sheet No. 1 of D-38800, *supra*—Distributed quarterly on annual basis. 4406

Comparison charts entitled "Comparative Performance and Production Cost Data—Gas and Oil Burning Stations". Show annual figures for previous five years and the comparison of major cost and efficiency items. Individual charts issued cover the following items: 4407

1. Production Expenses—Operating Labor
2. Operating Labor—Man Hours
3. Production Expenses—Miscellaneous
4. Production Expenses—Boiler Maintenance
5. Production Expenses—Other Maintenance

Exhibit 82

6. Production Expenses—Cost Other Than
4408 Fuel

7. BTU per KWH Output—MBTU

These charts allow comparison of each individual station from year to year, and of each station with other stations having some basic operating characteristics. Issued Periodically.

Comparison charts entitled "Comparative Performance and Production Cost Data—Coal Burning Stations"—Charts show annual
4409 figures for previous five years and the comparison of major cost and efficiency items. Individual charts issued cover the following:

1. Production Expenses—Operating Labor
2. Operating Labor—Man Hours
3. Production Expenses—Miscellaneous
4. Production Expenses—Boiler Maintenance
5. Production Expenses—Other Maintenance
4410
6. Production Expenses—Costs Other Than Fuel
7. BTU per KWH Output—MBTU

These charts allow comparison of each individual station from year to year, and of each station with other stations having some basic operating characteristics. Issued Periodically.

Exhibit 82

Comparison charts, entitled "Diesel Electric Stations—Comparative Performance and production cost data"—covering the following: 4411

1. Charts showing annual lubricating oil consumption compared with consumption for previous years; Issued Periodically

2. Charts showing Kwh Output per Man Hour. Annual figures for each station listed on sheet D-38800. Issued Periodically

4412

Turbine Interchangeability Charts—Charts showing interchangeability of all parts for different types of turbines and including list of spares held by each operating company. This allows one operating company to call on another for emergency spares, and cuts down the amount of spares necessary to be held by any one company. Issued periodically.

Distributed by the Purchasing Department

Apparatus Exchange—Classified Stock Summary, April, 1935. 55-page booklet. Distributed with one-page transmittal letter of May, 13, 1935. 4413

Apparatus Exchange—Classified Stock Summary, October, 1935. 35-page booklet. Distributed with one-page transmittal letter of October 16, 1935.

Both Prepared and distributed by the Purchasing Department in connection with rendering the service described in section 69, paragraph E, of the stipulation.

Exhibit 82

Distributed by the Budget Department

4414

Title	*Description*
Sales Budget. Instructions for preparation of sales budget and sales program.	Prepared by Commercial and P get Departments, distributed Budget Department with 3-p letter of September 14, 1935 companied by a 2-page me randum of further instructi on the use and filling out of forms. 47-pages with For 9080 to 9089 inclusive.

4415 *Material developed prior to 1935 and available for distribution to the client companies upon request or as needed.*

Cash Budget Instruction including specimen forms and explanations.	31-pages with Forms 8963-A, 89 B, 8963-C, and 9153, Novemb 1932.
Construction Budget for the year 193—. Specimen forms, explanations and instructions (Form 9149).	38-pages and forms. October, 19 revised November, 1932.
Instructions for preparation of Operating Budget.	9 pages. November, 1934.
4416 Budgetary Control for Public Utilities.	25-page book. 1934.
Master Budget. Specimen forms, explanations and instructions for preparation.	Form 9250 to 9257 inclusive. pages. December, 1934.
Cash situation with instructions for preparation.	Memorandum of two pages one form. Prepared by Con troller's Dept. (Bond Share) prior to 1929.

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Exhibit 82

Distributed by the Insurance Department

Title	*Description*	
hou Shalt Not Kill.	15 page printed pamphlet published by The Travelers Insurance Company, Hartford, Conn. Distributed with a one page transmittal letter of April 16, 1935.	4417
ational Surety Company in Liquidation.	Letter of February 7, 1935 requesting all Ebasco client companies for a list of any claims pending against National Surety Company, etc.	
udden Death And How to Avoid It.	Written by J. C. Furnas and Ernest N. Smith, published by Simon and Schuster, New York, 1935. 58-pages. Distributed with a one page letter of explanation and with limited special price quotations, December 10, 1935.	4418

Distributed by the Statistical Department

Except where otherwise noted, none of the following items were written by employees of either Bond and Share or Ebasco. Material regarding the Wheeler-Rayburn Bill and the resulting Public Utility Act has been omitted from the itemized list. A numerical summary of that material which was distributed during 1935 appears below under a separate heading. 4419

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Editorial . . . . . Another Flip-Flop—Cartoon called "Ignoring the Warning" by Malone; Also on same page item by George Rothwell Brown—New York American Editorial Page —August 1, 1935 4501

Today and Tomorrow—Private Charity, Corporations, and the President—By Walter Lippmann —New York Herald Tribune—August 1, 1935

Today in Washington—Spite Indicated in the Tax-the-Thrifty Bill Can Lead But to Federal Chaos—By David Lawrence—New York Sun —August 5, 1935 4502

Power Division Created in PWA—New Setup Will Investigate All Applications for Publicly Owned Utility Plants—Journal of Commerce and Commercial (New York)—August 2, 1935

Certificate of Incorporation of Electric Home and Farm Authority—August 6, 1935

Rep. Rankin's Wire-Tapping Charge Flops—His Receiver Off Hook, Phone Officer Reports to Journal-Post; Also on same page Resolution to Widen Inquiry is Prepared—Kansas City, Mo. Journal Post,—July 9, 1935 4503

National Resources Committee—P. W. 38538—Memorandum To The Press—July 30, 1935

Brass—Editorial from the Nashville Tennessean —Monday Morning, August 5, 1935

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4504 Rural Electrification Administration—Release No. 23—Immediate Release—August 7, 1935 Re: Rules and Regulationsfor REA Loans, etc.

Executive Order—Prescribing Rules and Regulations Relating to Approved Projects Administered and Supervised by The Rural Electrification Administration Under The Emergency Relief Appropriation Act of 1935—Regulation No. 4—Immediate Release—For The Press—August 7, 1935

4506 Rural Electrification Administration—Address Delivered by Rural Electrification Administrator Morris L. Cooke on The National Farm and Home Hour Broadcast from Washington at 12:35 P. M. E.S.T. August 9, 1935—Release No. 24—For Release Friday, August 9, 1935

Executive Order—Designating The Electric Home and Farm Authority, A Corporation Organized Under The Laws of The District of Columbia, As An Agency of the United States —August 12, 1935

4506 Cooke Will Head New EHFA Setup—Electric Home, Farm Operations Will Extend Over Entire Nation—Journal of Commerce and Commercial (New York)—August 15, 1935

Federal Emergency Administration of Public Works—Release No. 1534—PWA Press Section—Immediate Release—Re: J. D. Ross, S. Becker and K. S. Wingfield

Exhibit 82

All Lit Up and Going Places—By John T. Flynn —August 24, 1935 Issue Colliers Weekly— Page 12 4507

President Pleased By Power Grants—His Personal Influence Backs Drive on Rates—Projects Exempt from Labor Rule—Journal of Commerce and Commercial (New York)— August 20, 1935

Washington Letter—Roosevelt Grants Funds for New Iowa City Power Plant—Wall Street Journal—August 20, 1935 4508

Electric Home and Farm Authority—Release No. 2—August 19, 1935

EHFA Plans $350,000,000 Financing Aid—Move Proposes Partial Support of Sales by Rural Electrification Administration—New York Herald Tribune—August 16, 1935

Ickes Drops Pretense as to New Policy on Power Program—Yardstick Theory Fades as PWA Grants Funds to Build Municipal Plant—Wall Street Journal—August 21, 1935 4509

Taxes Soaring; Electricity Cheapening—Electrical World—August 17, 1935—Page (1991) 29

Rural Electrification Administration—Remarks of Mr. Gray of Indiana—Congressional Record —August 13, 1935—Pages 13441 to 13444, incl.

Exhibit 82

YOUR CONGRESSMAN—Ask Him Why—Maybe He Knows—New York Evening Journal—(Editorial)—August 20, 1935

4510

September

Decision of the Supreme Court of the State of Washington. The State of Washington v. Northwestern Electric Company and four other Washington Public Utility Companies—reversing the decision of a lower court in the matter of charges assessed in the carrying out of valuation and other investigations conducted by or at the direction of Pub. Service Commission—Filed August 16, 1935

4511

Excerpts From Letter of August 22, 1935 Sent to its Stockholders By Public Service Company of Northern Illinois, 72 West Adams Street, Chicago, Illinois

When TVA Is In Trouble, Page Norris—Memphis Press—Scimitar—August 26, 1935

In The District Court of The United States for The District of Idaho. Northern Division—The Washington Water Power Company, vs. City of Coeur d'Alene, and Harold L. Ickes, as Federal Emergency Administrator of Public Works No. 1269 O P I N I O N U. S. District Court of Idaho Filed August 27, 1935.

4512

PWA at Iowa City—Wall Street Journal (Editorial)—September 4, 1935

Exhibit 82

A series of three articles by Thomas W. Phelps: 4513

1. Iowa City Project Shows How U. S. Funds May Ruin Private Investment—Wall Stret Journal—September 3, 1935
2. An Easy Lesson in Accountancy Shown in Iowa City's Power Loan—Wall Street Journal—September 5, 1935
3. Vote on Iowa City Power Project Raises Question as to Validity—Wall Street Journal—September 6, 1935

PWA versus WPA; Differences Delay Public Power Projects—Ickes Favors Building Municipal Plants, While Hopkins Stresses Putting Men to Work—By Alfred F. Flynn—Wall Street Journal—September 5, 1935 4514

Average Net Monthly Bills for 25 kwh—Municipal Plants—1934—As Reported by Federal Power Commission's Electric Rate Survey, 1935

More Government "Business"—Council Bluffs Iowa Nonpareil (Editorial) September 3, 1935

Amended TVA Act, approved August 31, 1935—(Public-No. 412—74th Congress, H. R. 8632) 4515

Speaking of Yardsticks—Memphis Commercial Appeal—September 10, 1935

The Labor Policies of The Tennessee Valley Authority—Advance text, remarks of David E. Lilienthal, Director and General Counsel, Tennessee Valley Authority, Labor Day Cele-

bration of Detroit and Wayne County Federation of Labor, Detroit, Michigan—September 2, 1935—Tennessee Valley Authority Release September 2, 1935

4516

"Personalizing The Company"—Presented by N. G. Reinicker—Pennsylvania Electric Association Convention, Bedford Springs, Pennsylvania—September 4, 1935

Our Theory of Government—Council Bluffs Iowa Nonpareil (Editorial) September 13, 1935

4517 Agree to TVA Test in Supreme Court—Government Counsel Move for Quick Review of Right to Sell Surplus Power—New York Times—September 18, 1935

PWA Replacing City Power Contracts with Voluntary Pacts—Purpose is to Overcome Objections Raised by Judge Sanborn Regarding Projects in Missouri—By George B. Bryant, Jr.—Wall Street Journal—September 21, 1935

Dirty Ball—Wall Street Journal (Editorial)—September 20, 1935

4518

Funds For 13 More Power Systems Are Allocated By the PWA, At least 64 Additional Public Projects Are Scheduled to Receive Allotments —Wall Street Journal—September 27, 1935

October

Roosevelt at Boulder Dam—New York Times (Editorial)—October 1, 1935

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PWA Allots $5,250,000 For Construction of City Power Plants—Wall Street Journal—October 1, 1935 4519

Federal Emergency Administration of Public Works—PWA Press Section Immediate Release—Release No. 1645—October 3, 1935

First TVA Power Line To Farms in Operation—Dr. Morgan Hails Beginning of Southern Network—New York Herald Tribune—October 2, 1935

Utilities in Drive on New Deal Laws Form Battle Lines—PWA, Instead of Cities Receiving Grants, Te Be Target in Court Actions—Government prepares For Test—Wall Street Journal—October 8, 1935 4520

Another Crooked Yardstick—The Financial Post, Toronto (Editorial) October 12, 1935

What Every Farm Leader Should Know About Rural Electrification—Bulletin issued by The Rural Electrification Administration 4521

Light and Power for the Farm—Bulletin issued by The Rural Electrification Administration

Address to be Delivered by Hon. Claude L. Draper, of Wyoming, Commissioner, Federal Power Commission, before the 47th Annual Convention of The National Association of Railroad and Utilities Commissioners at Nashville, Tennessee.

Exhibit 82

4522 Federal Power Act—Release No. 9 of the Federal Power Commission—Released October 15, 1935

'Horse-Buggy Age'—Sibley Pictures U. S. Ownership—New York American—October 17, 1935

Remarks of C. E. Groesbeck, Chairman to Stockholders of Electric Bond and Share Company at their annual meeting held October 9, 1935

Memorandum—October 9, 1935 by Chairman W. W. Freeman—Regarding Rural Electrification

4523 Rural Electification Administration—For Release in Afternoon Papers of October 9, 1935—Release No. 32, October 8, 1935

Have We A Word for It—Wall Street Journal (Editorial)—October 19, 1935

U. S. Power Loan—Small Utility Which Pioneered In the Dakotas Now Faces Ruin—No Chance For Appeal—Wall Street Journal—October 18, 1935

4524 Report of National Resources Committee on State Planning and Electric Power Problems.... National Resources Committee, Washington, D. C.—Release No. 2—Release to Afternoon Newspapers, October 23, 1935

Municipal vs. Private Power Rates—New York Herald Tribune (Editorial)—October 19, 1935

Rate Survey of Federal Power Commission Shows Municipal Plants Charge Average of

Exhibit 82

8.7 cents a kwh., Not 3.5 Urged by Authority—Wall Street Journal—October 18, 1935 4525

Municipal Electric Rates—Recent Report of Federal Power Commission Shows Wide Discrepancy Between the Typical Municipal Plant and Those Usually Selected as "Front-Window Displays" — Administration's "Birch-Rod Yardstick" Might Well Be Applied to Municipal Plants—by William M. Carpenter—Reprinted from October, 1935, Edison Electric Institute Bulletin

More Publicity on Electric Utilities—By William E. Mosher—Public Management—October, 1935 4526

Lay Plans For Gas Industry Control—FTC Investigations About Completed, Says Official—Public Quiz—Hearings Expected to Stir Cry for Regulation—By Walter Fitzmaurice—New York American—October 23, 1935

Morgan Defends Restriction That Prevents Use of Dayton Dams for Power Production—TVA Chairman Replies to Charges by Morris Cooke—Knoxville News-Sentinel—October 19, 1935 4527

Form of Power Contract Between Tennessee Valley Authority and City of Latest TVA Contract, 10/15/35

The Social Security Act. Taxation—Old Age Benefits—Unemployment Insurance—October 9, 1935 (Review and Summary of the Act Prepared by Bond and Share)

Exhibit 82

Grids—Excerpt taken from National Whirligig
4528 Column—Philadelphia Ledger—October 22, 1935

$15.00 For Taxes—$1.00 For Power—The Daily News, Asheville, N. C.—October 23, 1935

Norris Offers Power Plan by Federal Subsidy—Senator Urges Electrification of Rural America Similar to TVA Job—New York Herald Tribune—October 26, 1935

Statement of Morris L. Cooke, Rural Electrifica-
4529 tion Administrator, With Regard to the Proposals of Senator George W. Norris—Rural Electrification Administration—Release in Morning Papers, October 26, 1935—Release No. 36—October 25, 1935

An Accurate Yardstick—Duluth (Minn.) News-Tribune, (Editorial)—October 24, 1935

November

Quoddy Project Put Up to Maine—Break Be-
4530 tween Roosevelt and Brann Hinges on Appropriation of Funds by State—Governor is Cold to Plan—He Shows No inclination to Call a Special Session of the Legislature for Action—New York Times—October 29, 1935

Fit to Be Suppressed—Wall Street Journal (Editorial)—November 1, 1935

An Invitation by the Edison Electric Institute to Employees of Electric Light and Power Com-

panies to participate in the competition for Prizes to be Awarded in 1936 4531

The Problem of Markets for PWA Power—Fremont (Neb.) Evening Tribune, (Editorial)—October 12, 1935

Who Are The Taxpayers?—Council Bluffs Iowa Nonpareil, (Editorial)—October 29, 1935

Power Shortage and Business Recovery—Excerpts from address of David E. Lilienthal delivered at eight-county mass meeting at Dickson, Tenn. on October 24, 1935—Tennessee Valley Authority, New Sprankle Building, Knoxville, Tennessee—Release for afternoon papers, October 24, 1935 4532

Mile-A-Minute Men By Governor Harold G. Hoffman, Through Courtesy of The American Magazine—Supplement of October 1935—The Protector, A Safety and Health Bulletin Issued Monthly for and By the Employes of Nebraska Power Co. and Citizens Power and Light Co. 4533

Resolutions Adopted at The 47th Annual Convention of The National Association of Railroad and Utilities Commissioners, Held at Nashville, Tenn., October 15-18, 1935

Address "The Gas Industry" by Senator Rush D. Holt, of West Virginia, made over a National Broadcasting Company network, November 4, during the National Radio Forum arranged by

Exhibit 82

the Washington Star—Released Tuesday
4534 Morning Newspapers—November 5, 1935

U. S. Power Board Sides with Mayor—Manly Holds Proskauer Gave Unfair Analysis of Municipal Power Plants' Rates—Raw Averages Criticized—New York Times—October 31, 1935

Manly and The Mayor—New York Times (Editorial)—November 1, 1935

Thinking It Over—The Public Utility War—By
4535 Thomas F. Woodlock—Wall Street Journal—November 6, 1935

Series of ads of Florida Power & Light Company together with a number of editorials regarding the storm of early November and of the assistance rendered by affiliated holding and operating Companies. These include:

Advertisements:

Concerning Your Electric Service: $750,000
4536 to $1,000,000 Loss—200 Skilled Linesmen Rushed in from the Neighboring States. The Herald, Miami Florida Nov. 8, 1935

800 Men Working Day and Night Rushing Return of Electric Service—Men and Money Dispatched For Quick Restoration of Service. Miami Beach (Fla.) Daily Tribune Nov. 9, 1935

More Skilled Electrical Workers Rushed Here from Distant Cities To Speed Up Re-

Exhibit 82

turn of Service—One Crew Traveled in a Truck For Forty-Three Hours; Linemen Here from Seven States—67% of Electric Lines Now Back In Service; Everything Being Done To Complete Reconstruction Work—Hospitals, Meat Packing Firms, Bakeries and Perishable Food Sources Now Have Electricity; Service Being Rushed to All. Miami (Fla.) Herald Nov. 10, 1935 4537

Transport Division of "Army of Service" Plays Large Part in Returning Electricity to Homes—Power Company Explains Why Some Customers Have Service While Others Don't Have It—Customers are Satisfied With Answer; Company is Anxious To Re-Connect Every User in Order to Be of Service and Regain Its Revenue. Miami Beach (Fla.) Daily Tribune Nov. 12, 1935 4538

Editorials

Think On These Things. (Editorial) Jackson (Miss.) Daily News Nov. 8, 1935 4539

Miss. Power & Light Co. Rushes Assistance To Fla. Storm Section. Vicksburg Evening Post Nov. 7, 1935

Local Linemen Aid in Restoring Order in Florida—Some Other Pennsylvania Power & Light Company Employes Among Those Rushed to the Hurricane Belt. Allentown (Pa.) Morning Call Nov. 9, 1935

Memphians Go to Aid of Florida Utilities—They'll Help Restore Destroyed Power

Exhibit 82

Lines. Memphis (Tenn.) Commercial Appeal Nov. 7, 1935

4540

Lend Aid to Stricken Area—Louisiana Power Firms Help Restore East Florida Lines. New Orleans (La.) States Nov. 7, 1935

Beco Sends Men to Storm Area. Birmingham (Ala.) News Nov. 7, 1935

Beco Repair Crew Aids Florida Rehabilitation. Birmingham (Ala.) Post Nov. 7, 1935

Florida Power Lauds Holding Company Aid in Maintaining Service After Hurricane. Wall Street Journal Nov. 20, 1935

4541

Carolina Power & Light Company Power Crews Aid Sister Company—Goes to Aid of Florida Power & Light Co., Immediately After Storm. Person County Times, Roxboro, N. C. Nov. 15, 1935

Holding Companies Not So Bad. Person County Times, Roxboro N. C. Nov. 15, 1935

Doomed Company Proves Its Worth. Sumter Herald, Sumter, S. C. (Editorial) Nov. 12, 1935

4542

Let's Think a Little. The Community Review (Miami, Fla.) Nov. 15, 1935

Rate Move Blocks Plan To Sell Unit of North American—Proposed Disposition of Washington Properties Suspended as P. U. C. Calls Hearing—Registry Withdrawal Sought—Wall Street Journal—November 16, 1935

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Squeeze—Prepared By Ray Tucker—Excerpts Taken From National Whirligig Column—Evening Public Ledger—Philadelphia—November 13, 1935 4543

Summary Review of John Lapham of the National Municipal Plant Conference held at Kansas City, Mo.—November 7-8, 1935

Some Data on Approved Federal Rural Electric Projects in This Area—Memoranda by Thorne Brown, Director of Missouri Valley Electric Association—November 22, 1935 4544

Analysis of Cost of Rural Service By A Wisconsin Power and Light Company dated 11-15-35, together with Rural Electrification Administration letter dated November 5, 1935 from Morris L. Cooke, Administrator to Mr. G. C. Neff, President, Wisconsin Power and Light Company; Also reply dated November 11, 1935 to Mr. Morris L. Cooke, Administrator, Rural Electrification Administration from Grover C. Neff, President

America's Struggle for Electric Power—By John Bauer, Ph. D.—League for Industrial Democracy, 112 East 19th Street, New York, N. Y. 4545

Slide Rules as Birch Rods—Wall Street Journal (Editorial)—November 19, 1935

Publicity of October 27—November 4, 1935 Announcing Electric Rate Reduction Plan Effective January 1, 1936 Applying to Omaha Neb.,

Exhibit 82

Council Bluffs, Iowa and Other Territory
4546 Served. Nebraska Power Company—Citizens Power & Light Company

Prospectus dated November 18, 1935—Los Angeles Gas and Electric Corporation, (An operating unit of Pacific Lighting Corporation), Re: $40,000,000 Gen. Mtge. Bonds

Circular dated November 21, 1935 by Brown Harriman & Co. Incorporated—Re: Department of Water and Power of the City of Los Angeles—Electric Plant Revenue Bonds, Re-
4547 funding Issue, 1935

December

Guffey Plans to Extend Law If It Is Upheld—Anthracite Miners and Operators Seek Similar Control, Senator Asserts—Situation "Deplorable"—New York World-Telegram—November 19, 1935

Bond and Share Shifts Personnel—C. E. Groesbeck, Chairman and S. R. Inch, President,
4548 Remain Heads of Top Concern—Resign Other Positions—Many Changes Made in Affiliated Holding Company of Vast Utility System—New York Times—November 28, 1935

The Work of The Tennessee Valley Authority—Advance text of remarks of David E. Lilienthal, Director and General Counsel, Tennessee Valley Authority, before a meeting at Louisville, Kentucky, under the auspices of the City of

Exhibit 82

Louisville, November 25, 1935, held at the Auditorium—Tennessee Valley Authority, Knoxville, Tennessee—Release to Morning Papers—November 26, 1935 4549

The Tennessee Valley Authority today made public a statement of David E. Lilienthal, Director in charge of electricity operations, addressed to E. O. McLean, Chairman of the Bedford County, Tennessee, Rural Electrification Committee in answer to telegram from Mr. McLean —Tennessee Valley Authority, Knoxville, Tennessee—Immediate Release November 28, 1935 4550

Municipal Ownership Tide is Turning—West Point (Miss.) Times Leader—November 22, 1935

For Your Consideration—Oxford (Miss.) Eagle —November 21, 1935

Tax Levy To Nearly Double if TVA is Voted, City Officials Say—Present 16 Mill Levy Would Have to be Jumped to 30 They State. Only Advantage in TVA Would be Rural Electrification and They Believe Cost to Consumers Would be Prohibitive—Oxford (Miss.) Eagle —November 21, 1935 4551

Officials of 3 Towns Oppose TVA Contract—Objection Based on Signing for 20 Years—Problem is Discussed—Mayors and Aldermen Conference on Power Proposal—By Bruce of Union City, Trenton and Dyersburg Hold Tucker—Memphis (Tenn.) Commercial Appeal—December 4, 1935

Exhibit 82

4552 TVA Contract is Rejected—New York Times December 3, 1935

Seeks To Force Connecticut Power Into FPC Fold—Commission Asks Aid of Three States—Company Cut Lines to Avoid Rule by U. S.—Higher Rates May Follow—By William T. Raymond—Wall Street Journal—December 9, 1935; Also on same page—Ferguson's Objections to Utility Act Disclosed

4553 Office Force at TVA Hits Wage System—Salary Increase Should Not Require Change of Job, Employes Say—Also on Same Sheet—TVA Group to Have Course—Weekly Lectures on Utilities and Public Ownership Start Thursday—Knoxville News-Sentinel—December 8, 1935

National Resources Committee, Interior Building, Washington—Release No. O-3 December 16, 1935

National Resources Committee, Interior Building, Washington—Release No. O-4 For Afternoon Newspapers December 18, 1935

4554 Yardsticking the Yardstick—Wall Street Journal (Editorial)—December 13, 1935

Plan to Eliminate Duplication In Collection, Compilation and Publication of Electric Light and Power Statistics—Federal Power Commission—December 15, 1935—Released for Publication December 16, 1935

Exhibit 82

Farmer or Utility Ownership of Electric Lines? How Pennsylvania answers that question by George Everett—Public Utilities Fortnightly —Vol. XVI; No. 13, December 19, 1935 4555

Study These Charts—Published by the Municipal League of Seattle—Reprinted by The Washington Water Power Company (Copy of Advertisement appearing in Spokane Spokesman-Review November 18, 1935)

Grange Against Municipal Power Plant Projects —Believe Development Is Against Best Interest of Rural Sections—Whole District Not Considered—New Castle (Pa.) News, December 12, 1935 4556

Cheaper Electricity News—Published by the Citizens Power and Light Company in the Interests of its Customers—Council Bluffs, Iowa, December, 1935—Announcing New Low Rates Effective January 1, 1936

Norris Drafts Mississippi Act—To Ask a Valley Authority Similar to TVA—Would Cover Half of U. S.—Flood Control Listed as Chief Purpose of Program—New York Sun—December 27, 1935 4557

15 "Little TVA's" Now Under Study—Proposals, Some Definite, Others Nebulous, Submitted and May Come Up in Congress—Journal of Commerce and Commercial (New York) —December 27, 1935

Exhibit 82

4558 **12 'Little Capitals' Urged for Nation By Roosevelt Body—National Resources Committee, including Five of Cabinet, Maps Region For Each—Boundaries are Flexible—In Each Center Federal Agencies Would Work With States on Regional Problems—New York One 'Capital'—States' Powers Are Untouched, It is Said, but Liberty League Assails 'Satrapy' Program—New York Times—December 28, 1935**

4559 ***Numerical Summary of Informational Material Distributed During 1935 Regarding the Wheeler-Rayburn Bill and the Resulting Public Utility Act***

	Number
(a) Editorials	112
(b) News Articles (including those of Columnists), Addresses, Bills, Reports, etc.	157
(c) Other Articles, Releases, Pamphlets, Reports, etc. of the Committee of Public Utility Executives and of the Industry	115
TOTAL	384

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Distributed by the Rate Department

Except where otherwise noted the following items were not written by the Rate Department or other employees of Bond and Share or Ebasco. In many instances, however, this material, selected from a larger quantity, was accompanied by a letter giving comments or interpretations.

Exhibit 82

Federal Power Commission Electric Rate Surveys; Rate Series No. 2. 4561

State Report

State	*No.*	*Date Distributed*	
Massachusetts	1	May 23, 1935	
Maine	2	June 3, 1935	
Rhode Island	4	June 13, 1935	
New Hampshire	3	June 25, 1935	
Nevada	10	" " "	
Oregon	11	" " "	
Utah	12	" " "	
New Mexico	19	" " "	4562
Delaware	9	June 29, 1935	
Arkansas	14	" " "	
Wyoming	15	" " "	
Maryland and District of Columbia	8	July 9, 1935	
Mississippi	13	" " "	
West Virginia	17	" " "	
Vermont	6	July 10, 1935	
South Carolina	16	" " "	
New Jersey	18	" " "	
Alabama	20	" " "	
Tennessee	22	" " "	4563
Idaho	23	" " "	
Arizona	24	" " "	
Washington	25	" " "	
Montana	32	" " "	
Florida	7	July 17, 1935	
North Dakota	21	" " "	
Kansas	28	" " "	
Georgia	38	" " "	
South Dakota	41	" " "	

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	Wisconsin	42	July 17, 1935
4564	Connecticut	5	July 18, 1935
	Minnesota	27	" " "
	Louisiana	29	" " "
	Virginia	31	" " "
	Missouri	33	" " "
	North Carolina	34	" " "
	Oklahoma	36	" " "
	Kentucky	39	" " "
	Nebraska	44	" " "
	Iowa	46	July 26, 1935
	Ohio	48	" " "
	California	47	" " "
4565	Texas	37	" " "
	Illinois	43	" " "
	Colorado	35	" " "
	Indiana	30	" " "
	Pennsylvania	26	August 5, 1935
	Michigan	40	" " "
	New York	45	" " "

Informational Material

4566 Summary showing some of the more significant changes made by the Tennessee Valley Authority in its retail rates prescribed for towns taking TVA power. January 19, 1935.

Tabulation showing the number of customers served, kilowatt hours sold and revenue received by the three southern companies of the Commonwealth and Southern Corporation during the month of September 1934 compared with September 1933; also list of appliances sold during the first 10 months of 1934 as com-

Exhibit 82

pared with the corresponding period of 1933. January 28, 1935. 4567

Order of the Public Service Commission of Wisconsin pertaining to the establishment of a "low-cost" rate plan for electric service to residential and small commercial lighting users. June 27, 1935.

Copy of the Order of the Public Service Commission of Wisconsin approving the "low-cost" residential rate plan developed for the Superior Water, Light and Power Co. pursuant to the Commission order sent out under date of June 27, 1935. July 17, 1935. 4568

Clipping from Press Scimitar, Memphis, Tenn. advising that the city light and water commission will not change its regular policy regarding water rates for the proposed slum clearance buildings on certain streets. July 30, 1935

Pamphlet entitled "Cost of Living vs. Cost of Residential Electric and Gas Services in territory served by Electric Bond and Share Group Companies"—Purchased by the Rate Department and distributed to the field July 31, 1935. 4569

Copy of communication from Kansas Hotel Association to its members attaching its committee report which recommends the services of H. S. Tolchard and Associates for the purpose of reducing electric and gas costs. August 28, 1935.

Exhibit 82

4570 Copy of October 7, 1935 order of the Michigan Public Utilities Commission establishing a new plan for rural service for the Consumers Power Co. October 16, 1935.

Pamphlet entitled "Comparison of Municipal and Company Rates" based on the Electric Rate Survey of the Federal Power Commission. Reprint of articles by William M. Carpenter, economist of Edison Electric Institute. December 17, 1935.

Distributed by the Commercial Department

4571

Asterisk indicates all items written and prepared by the Commercial Department. Items not so marked have been selected by the Commercial Department after systematic study and perusal of a vastly greater quantity of material. Practically all items distributed to client companies were accompanied by a transmittal letter prepared by the Commercial Department which gave a description, summary, and interpretation of the significance and use of the material. Last date given for each item is the date of the transmittal.

4572

"Finance Dollar"—a bulletin issued by the Commercial Finance Company, December 15, 1934 and distributed by the General Electric Company as their Salesman's Bulletin #24. January 8, 1935.

An analysis of the Optical Industry. Copy of letter of December 20, 1934 from Mr. M. E. Skinner, Chairman, National Better Light—Better Sight Bureau. January 21, 1935.

Exhibit 82

*Business Recovery and The National Housing Act. Summarization of discussions at the Second Industry Conference on the National Housing Act. Meeting held at Washington, D. C., January 22, 1935. Mr. James A. Moffett, Federal Housing Administrator, Presiding. About 50 business executives attended. January 26, 1935. 4573

Homecraft Workshops. Experiences of Texas Electric Service Company in its Wichita Falls district. January 28, 1935.

*High Spots of Discussions on Electrical Merchandising by Department Stores at the 1935 National Retail Dry Goods Convention, held in New York City, January 14-18, 1935. January 29, 1935. 4574

Gas Light Development and Competition.—A collection of recent bulletins and information on the Humphrey Super Candle Power Gas Lamp, manufactured by the General Gas Light Co., Kalamazoo, Michigan. January 30, 1935.

Accounting Bulletin of Electric Bond and Share Company, Operating Division. Accounting for Rate Department, Load Checking, General Customer Contact, and Institutional Advertising Expenses. February 4, 1935. 4575

*Analysis of Sales Performance—Year 1934.—A set of eleven tabulations presenting for the major domestic Ebasco client operating com-

4576 panies certain statistical data on comparative sales performances during the year 1934. February 6, 1935.

1935 Sales Program—Texas Electric Service Company. A 76-page booklet entitled—"New Ideas New Opportunities, New Markets 1935". February 11, 1935.

4577 1935 Dealer and Employe Sales Plans of Memphis Power & Light Company. 3 booklets: (a) Residential, Commercial and Industrial Applications of Gas and Electricity. Published January, 1935, 65 pages: (b) 1935 Employes' Opportunity Program—"Observation and Conversation Make Sales Opportunities." 38 pages: (c) Dealer Sales Program. Make "Modernization" your Business Theme for 1935. 34 pages. February 11, 1935.

Budgetary Control for Public Utilities. Prepared by Bond and Share in 1934. 25-page booklet. February 11, 1935.

4578 *Grand Summary of 1935 Sales Budgets of Ebasco Domestic Client Operating Companies. February 15, 1935.

*Budget Summary, Section 1. General Summary of 1935 Sales Programs, Estimated Annual Revenue Goals and Sellings Costs. February 16, 1935.

Pamphlet by Ralph B. Feagin entitled—"Fundamentals of the Electric Light and Power Busi-

Exhibit 82

ness as affecting the Problems of Regulation". February 16, 1935. 4579

Excerpts from 1935 Industrial Sales Program of Pennsylvania Power & Light Company. 21-page booklet. Reproduced by the Commercial Department. February 16, 1935.

1934 Air Conditioning Report—Central Arizona Light and Power Company. 27-page booklet. Reproduced by the Commercial Department. February 18, 1935.

*Budget Summary, Section 2—Forecast of 1935 Revenues, Energy Sales, Customers and Sales Statistics by Class of Service, Electric and Gas. February 20, 1935. 4580

*Budget Summary, Section 3—Advertising, Dealer Outlets and Sales Department Personnel. February 23, 1935.

Comments of Mr. George E. Whitwell, Vice Presidentt in Charge of Sales of the Philadelphia Electric Company regarding Ralph B. Feagin's pamphlet "Fundamentals of the Electric Light and Power Business as affecting the Problems of Regulation". February 23, 1935. 4581

* Budget Summary, Section 4—Residential Electric Sales Programs. February 27, 1935.

* Budget Summary, Section 5—Residential Gas Sales Programs. March 1, 1935.

Report of Judges, "Presidents' 1934 Sales Trophy

Exhibit 82

Northwest Client Operating Utilities". First
4582 award to Idaho Power Company. Second award to The Washington Water Power Company. Third award to Pacific Power & Light Company. March 4, 1935.

Sales Program for 1935 of the American & Foreign Power Company Inc. 62-page booklet. March 4, 1935.

* Budget Summary, Section 6—1935 Commercial Sales Programs. March 6, 1935.

4583 * Budget Summary, Section 7—1935 Industrial and Government & Municipal Sales Programs. March 9, 1935.

Sales Manual on The Laundry Industry; prepared by the West Penn Electric Company. March 11, 1935.

"The Electric Home" by E. S. Lincoln. March 12, 1935.

March, 1935, Issue of "Diesel Power"—re: Article
4584 on page 148, "Federal Insured Loans for Power Plant Equipment". March 13, 1935.

"Gas Engines for Power", by W. J. Briggle, Jr. —From the March, 1935, Issue of American Gas Association Monthly, page 98. Reproduced by the Commercial Department. March 16. 1935.

1935 Load Building Sales Program. 53-page booklet prepared by United Gas System. March 20, 1935.

Exhibit 82

"Save by Modernizing Electrically"—11-page pamphlet issued by the Electrical League of the Niagara Frontier. March 22, 1935. 4585

"Liftop" Refrigerator Campaign. Conducted by Emprezas Electricas Brasileiras, S. A., from November 15, 1934 to February 15, 1935. Reproduced by the Commercial Department. March 27, 1935.

"Selling Better Housing"—a 36-page booklet issued by the Federal Housing Administration, as a general sales manual for dealers and tradespeople. April 10, 1935. 4586

* Request for Summary of Results secured from 1934-1935 "Better Light-Better Sight" Sales Activity. April 12, 1935.

* 1935 Rural Sales and Promotional Activties by Ebasco Operating Companies. April 12, 1935.

* Present Market Status of Liftop or Chest Type Electric Refrigerators. April 15, 1935.

"Why Do We Buy?" by Donald A. Laird, Director of Psychological Laboratory, Colgate University—from The Reader's Digest, March, 1935, condensed from Review of Reviews, January, 1935. Reproduced by the Commercial Department. April 18, 1935. 4587

* "High Speed and a Short Life" a paper regarding high speed Diesel Engines presented April 8, 1935 at a meeting of the Interstate Power Club in New York, April 27, 1935.

Exhibit 82

4588 1935 Residential Sales Program—pamphlet prepared by Minnesota Power & Light Company, entitled "Residential Load Building Program for 1935" together with "Electric Water Heating Manual". May 4, 1935.

4589 Brief in opposition to proposed bill No. 207 in Pennsylvania House of Representatives to prohibit utility merchandising. Prepared and presented by Mr. George E. Whitwell, Vice President in Charge of Sales, The Philadelphia Electric Company, in behalf of the Pennsylvania Electric Association, Pennsylvania Gas Association and Pennsylvania Natural Gas Men's Association at Hearing before Public Utilities Committee, House of Representatives, Harrisburg, Pa., on March 27, 1935. Reproduced by the Commercial Department. May 6, 1935.

Engineering Service Agreement reported as being used by Fairbanks Morse Engineers. Reproduced by the Commercial Department. May 6, 1935.

4590 Finance Plan for Memphis Dealers. 18-page pamphlet prepared by Memphis Power & Light Company. Reproduced by the Commercial Department. May 8, 1935.

* Gas House Heating Rental Activities—Peoples Gas Light & Coke Company, Chicago. 1-page memorandum. May 4, 1935.

* Analyses of Sales Performance of Ebasco Domestic Client Operating Companies first three months of 1935. May 13, 1935.

Exhibit 82

* Trend of New Business Expenses. Two 1-page tabulations for the Electric Department and the Gas Department respectively, of the Ebasco Domestic Client Operating Companies. May 15, 1935. Corrected May 27, 1935. 4591

Dealer Coordination. Comments of W. N. Ford, V. P. and General Manager of Memphis Power & Light Company upon twenty-third annual convention of the Retail Furniture Dealers Association of the State of Tennessee at Memphis, May 15 and 16, 1935. Reproduced by the Commercial Department. May 28, 1935. 4592

Window Shopping Nights, An Interesting Plan for Promoting Better Commercial Lighting. Experiences and recommendations of Pennsylvania Power & Light Company. Reproduced by the Commercial Department. May 31, 1935.

Home Cooling by Attic Ventilation, Sales Plans of Texas Power & Light Company. Reproduced by the Commercial Department. May 31, 1935.

* Final Results and After Effects of Chill Chaser Campaign—(Natural Gas Space Heaters.) Comparative results of six Ebasco Southern client companies which conducted a mass sales campaign on natural gas space heaters. These companies which serve contiguous territory were: United Gas Public Service Company, Mississippi Power & Light Company, Louisiana Power & Light Company, Arkansas Power & Light Company, Memphis Power & Light Company, and West Tennessee Power & Light Company. May 31, 1935. 4593

Exhibit 82

4594 * Present Status of Rural Electrification Programs in territory of Ebasco Operating Companies. Analyses of problems presented by proposed $100,000,000 Federal Program of Rural Electrification—130 page booklet with appendix. May 21, 1935.

Report re Merchandising of Electrical Appliances by Hydro Municipalities—reprint from the March, 1935, Bulletin by Hydro-Electric Power Commission of Ontario. June 3, 1935.

4595 Papers on Industrial Sales Problems presented at an Interstate Power Club Meeting held in New York on May 27, 1935. (a) Engineering Studies as a Means of Obtaining and Retaining Business by John H. Pilkington, Brooklyn Edison Company; (b) Industrial Market Analysis by A. T. Lukens, Philadelphia Electric Company; (c) 106 check points for greater profits in your Plant by H. W. Bay, Public Service Electric and Gas Company of New Jersey. Reproduced by the Commercial Department. June 4, 1935.

4596 * Notes on talks at Executive Conference of the American Gas Association at Atlantic City, N. J., May 31, 1935. June 4, 1935.

"Memories of the Spring House", The True Selling Appeal of Electric Refrigeration—from an editorial in the Portland Oregonian, May 17, 1935. Reproduced by the Commercial Department. June 5, 1935.

Exhibit 82

Selling the Commercial Market—A booklet prepared and used by the Philadelphia Electric Company. June 6, 1935. 4597

Commercial Refrigeration Sales—with reproduction of the following articles:

(a) Underwood Opens War on Stale Vaccines, Jackson Daily News, Apr. 22, 1935

(b) Refrigeration Essential — Many Food Poisonings Held Due to Improper Precautions—New York Times, May 11, 1935. Reproduced by the Commercial Department. June 7, 1935. 4598

Tennessee Public Service Company Resumes Sales Activities in Knoxville—Reproduction of a series of newspaper advertisements with photographs of car and billboard advertising. June 7, 1935.

Automobile Engine Competition. Experiences of Kansas Gas and Electric Company. Reproduced by the Commercial Department. June 10, 1935. 4599

* Suggestions for Ebasco 1936 Sales Program. June 15, 1935.

Revised Regulations of Federal Housing Administration conforming with amendments to the National Housing Act passed by Congress May 28, 1935.
Reproduced by the Commercial Department. June 19, 1935.

Exhibit 82

4600 * Memorandum—Conservation of Company Cash Through Utilization of Federal Housing Act Financing. Sent to Operating Sponsors only. July 8, 1935.

Power Sales Progress in Pennsylvania—Minutes of meeting of the Power Sales Sub-Committee Sales Section of the Pennsylvania Electric Association held at Altoona, Pennsylvania, June 14, 1935. Reproduced by the Commercial Department July 13, 1935.

4601 * Sales Methods and Results 1934-1935 "Better Light-Better Sight" Campaign—90-page booklet with appendices. Summarized report of the participation of Ebasco domestic client companies. July 13, 1935.

* Suggestions to Ebasco Domestic Client Companies for participation in the 1935-1936 National "Better Light-Better Sight" Program. 21-page memorandum with appendices. July 19, 1935.

4602 Rural Electrification—Copies of correspondence between Morris L. Cooke, Rural Electrification Administrator, and W. W. Freeman, Chairman of the National Rural Electrification Committee for the Electric Utility Industry—Re: Release No. 21 and other pertinent material relating to the studies and discussions regarding Rural Line Extensions. Reproduced by the Commercial Department. August 1, 1935.

*List of Client Operating and Sales Executives to whom are sent copies of letters, data and promotional material on Sales and Commercial subjects. August 6, 1935.

Exhibit 82

National Electrical Manufacturers Association questionnaire concerning range and water heater wiring installations. August 7, 1935. 4603

* Hotpoint Fall Range Campaign. Comments and suggestions for salesmen re. Edison General Electric Appliance Company's Hotpoint Fall Range Campaign Program. August 8, 1935.

* Discussion of Prize Awards in the American Gas Association's National Gas Cookery Sales Contest. August 8, 1935.

* Analysis of Sales Performance and Sales Costs and Statistics on Revenue and Energy Sales first six months of 1935—22 pages. August 16, 1935. 4604

New Light Prescribing Booklet for the Eyesight Specialist, by Better Vision Institute. Booklet suggests through the Eyesight Specialist various ways and means of using the "Better Light-Better Sight" movement to preserve eyesight, gain satisfied customers, and to increase his profits. August 19, 1935.

4605

Percentage Analysis of Electric and Gas Merchandise Sales Performance of Ebasco Operating Companies for 12 months ended June 30, 1935. Prepared by Ebasco Accounting Department. September 1, 1935.

* Summary of 1935-1936 "Better Light-Better Sight" Programs of Ebasco Operating Companies. 63-page booklet with 5 appendices. September 7, 1935.

Exhibit 82

4606 Important points in interior display. A 3-page memorandum or bulletin issued by the Pennsylvania Power & Light Company covering the subject of interior display of electrical showrooms or other type of store. September 16, 1935.

4607 Simplified application of Federal Housing Administration Finance Plan. 13-page booklet prepared by the Idaho Power Company and by arrangement with co-operating banks and for users of Idaho Power Company service. Reproduced by the Commercial Department. September 16, 1935.

Sources of Credit Available to Farmers for Financing Electric Wiring and Appliances—Discussion given at meeting of the Rural Electrification Council of the Empire State Gas and Electric Association held at Ithaca, New York, July 25, 1935. Reproduced by the Commercial Department. September 25, 1935.

4308 Report of Red Wing Rural Electrification Project in Minnesota. Talk by Mr. J. Romnes of the University of Minnesota Farm School before the Minnesota Central Stations Conference at Minneapolis, April 20, 1935. Reproduced by the Commercial Department. September 28, 1935.

General Description of Retail Drug Stores and suggested list of electrical applications and appliances—Useful information pertaining to electrical services for Drug Stores—23 page

Exhibit 82

booklet issued by West Penn Electric Company in 1934. Reproduced by Commercial Department September 28, 1935. 4609

Ford V-8 Engines in the Industrial Field—Reproduced from a bulletin issued by Kansas Gas and Electric Company, September 6, 1935. October 1, 1935.

Present Status of Selling Refrigerators by Department Stores. Reprint of article entitled "Refrigerators Enter Second Lap of their Department Store Career" by Herman Shulgold from Retailing, Home Furnishings Edition, August 12, 1935, p. 17. October 8, 1935. 4610

A Plan for Commercial and Industrial Promotional Campaigns—Reproduction of a 9-page pamphlet issued by the Philadelphia Electric Company, November 14, 1934. October 10, 1935.

The Importance of the Electrical Contractor in Selling the Industrial Market—Illustrated booklet issued by the magazine "Electrical Contracting"—Official publication of the National Electrical Contractors Association. October 12, 1935. 4611

Diesel Fuel Taxes Increasing—Reprint of article "Diesel Fuel Taxable in 30 States Under Present Laws" by Joseph Geschelin, Detroit Technical Editor, Automotive Industries. From Automotive Industries, September 28, 1935. October 14, 1935.

Exhibit 82

4612 * Notes on Edison Electrical Institute Sales Committee Meeting, September 17, 1935, at White Sulphur Springs. October 17, 1935.

Proceedings of the First Annual Commercial Gas Sales Symposium—Meeting of General Commercial Committee, Industrial Gas Section of the American Gas Association, Boston, Mass. —June 26, 1935. 65-page booklet. October 19, 1935.

4613 * Program for Sales Conference Ebasco Domestic Operating Companies to be held in Room 1250, No. 2 Rector Street, New York City, October 21, 22, 23, 1935.

Bulletin of October 23, 1935 transmitting five statements of percentage relationship of collections and credits to total for customers' service and merchandise accounts, etc. prepared by Bond and Share Accounting Department.

4614 * Ebasco Sales Suggestions for 1936—eight volumes as follows:

General Summary, 25 pages with illustrations

Commercial Sales (2 volumes), 142 pages with illustrations

Industrial Sales; Government and Municipal Sales, 95 pages with illustrations

Residential and Farm Sales (3 volumes) 248 pages with illustrations

Using Utility Advertising to Sell Utility Service, 74 pages with illustrations October, 1935.

Exhibit 82

Analyses of Sales Performance and Sales Costs and Statistics on Revenue and Energy Sales —Ebasco Operating Companies 9 months ended September 30, 1935. 22 pages Prepared by Ebasco Accounting and Commercial Departments, October, 1935. 4615

"South's Increasing Prominence in Pulp and Paper" by Warren T. White, General Industrial Agent Seaboard Air Line Railway. Reprinted from the October, 1935, issue of Manufacturers Record. October 24, 1935.

* Notes on Meeting of Managing Committee Commercial Section, American Gas Association held at Chicago, October 18, 1935. 5-page memorandum. October 30, 1935. 4616

Papers presented by Ebasco Operating Companies' Sales Managers at Sales Conference held at No. 2 Rector Street, New York City, October 21, 22, 23, 1935. 104 pages—assembled and reproduced by Commercial Department. October 30, 1935.

Bakers Hope for New Deal by Freezing—Test being conducted in effort to keep bread fresh. Reprint of newspaper article. November 1, 1935. 4617

* Notes on Wholesalers' Sales Meeting held under the auspices of the Kelvinator Corporation at Philadelphia, November 3, 1935. 3-page memorandum November 12, 1935.

Exhibit 82

4618 * Notes on Utility Sales Practices in New York and Chicago. Summarization of discussion at a meeting of the Appliance Committee of the Association of Edison Illuminating Companies from remarks of Mr. Joe Becker, V. P. in charge of Sales of the New York Edison Electric Company; and Mr. Oliver Hogue, Supt. of Appliance Sales of Commonwealth Edison Co. of Chicago. 5-page memorandum. November 15, 1935.

4619 Energy Consumption of Electric Refrigerators —General Electric Company's Refrigerator Salesman's Bulletin No. 21. November 21, 1935.

Federal Housing Administration Financing of Appliances in California. Experiences of Pacific Gas & Electric Company in financing appliance sales in California. Reproduced by the Commercial Department. November 22, 1935.

* Ebasco 1936 Sales Suggestions. Memorandum suggesting further distribution and use of available copies of Ebasco 1936 Sales Suggestions. November 23, 1935.

4620 * For Better Range Wiring. A typical heavy duty entrance and range wiring job reasonably meeting Code requirements—Sketch and estimate October 7, 1935. November 29, 1935.

Dealer Coordination Department Store Sales of Electric Appliances—Reprint of "NEMA Looks at the Department Store", from the November 25, 1935 issue of Retailing, Home Furnishings Edition. November 30, 1935.

Exhibit 82

* Street and Highway Lighting—and Safety. Reprint of editorial "Sudden Death" from the New York Daily News of November 13, 1935, together with other comments on Highway Lighting and Safety. December 1, 1935. 4621

* Notes on Meeting of Syndicate Sales Managers Association held at New York City December 2, 1935. 5-page memorandum-report. December 3, 1935.

* Simplified Building Wiring—Introduction of a New "Covered Neutral" Concentric Wire. Memorandum commenting on Bond and Share Engineering Department Letter of November 20, 1935 describing in detail certain new wiring developments. December 9, 1935. 4622

Diesel Engine Generating Plant estimating prices, together with two Diesel Engine Advertisements issued by Fairbanks-Morse. Reproduced by the Commercial Department. December 12, 1935.

First "Streamliner" Strike Threatened. Burlington employees demand two men in Diesel Engine cabs. A. P. Chicago dispatch of December 6, 1935. Reproduced by the Commercial Department. December 13, 1935. 4623

Rural Electrification—Resume of a mortgage between Bartlett Community Light & Power Company (A Texas Corp.) and United States of America, dated November 28, 1935. (Negotiated in connection with a REA allotment.) December 24, 1935.

Exhibit 82

4624 Diesel Engine Competition. Experience of the Florida Power & Light Company. 1-page letter, December 17, 1935. Reproduced by the Commercial Department. December 30, 1935.

"Dealer Coordination" Among Manufacturers and Jobbers—practice of the United Gas System. 2-page memorandum sent to Water Heater Manufacturers by United Gas System. December 4, 1935. December 30, 1935.

4625 Appliance Sales Forecast for 1936. 2-page memorandum prepared by Ebasco Commercial Department calling special attention to Third Annual Forecast of Howard E. Blood, President Borg-Warner Corporation—published in the December, 1935, issue of "Electrical Dealer". Copy of latter also distributed. December 31, 1935.

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Exhibit 83 (Continued)

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INDEX OF ENGINEERING SPECIFICATIONS—*Continued*

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Exhibit 83 (Continued)

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INDEX OF ENGINEERING SPECIFICATIONS—*Continued*

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Exhibit 83

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Exhibit 84

INDEX OF ENGINEERING REPORTS AND LETTERS

4654

New York
Revised January 1936

EBASCO SERVICES INCORPORATED INDEX OF RECENT ENGINEERING REPORTS

Below is a revised selected list of recent reports issued by EBASCO SERVICES INCORPORATED for the use of client companies. Obsolete
4655 reports and those dealing with problems of specific client companies are omitted from the schedule. Entries added since previous issue are indicated by asterisks in front of titles.

A revised Index will be issued from time to time, as additional reports are prepared.

ENGINEERING DEPARTMENT

COMMERCIAL—ENGINEERING

4656 **Gas Engine Power Costs for Industrial Service** — **Issued April 1932**

Energy costs for various engine sizes and load factors, engine types, installation costs, operating costs, fixed charges, methods for computing power costs, comparisons with cost of purchased power

Electric Furnaces for Steel Making — **Issued September 1932**

Exhibit 84

Energy-consumption data, notes on certain recently developed types of furnaces for steel and cast-iron, market for steel and opportunities for introducing electric furnaces in South America — 4657

Diesel Engine Power Costs — Issued November 1932

Energy costs for various engine sizes and load factors, engine specifications and characteristics, installation costs, operating costs, fixed charges, methods for computing power costs, typical plant layouts, economics of private-plant installations, comparisons with cost of purchased power — 4658

Air Conditioning Equipment and Practice — Issued November 1932

Applications and market, relation of utilities to air conditioning development, elementary technical considerations, outline of equipment and applications, descriptions of typical installations, activities of utility companies, bibliography, specific data on representative makes of equipment — 4659

Bread Cooling Equipment — Issued November 1932

Time saved by artificial cooling, improvement of product, types and capacities of air conditioning equipment used, motor loads, installation costs, recommendations of equipment manufacturers, other applications for air conditioning in bakeries

Exhibit 84

4660 **Rannett Gasoline Pipe Line Pump** — Issued July 1933

History of development, field of application, distinctive features, construction details, operating results, installation costs, comparison with usual pipe-line pumping plants, motor characteristics, bibliography

Power for Oil Well Pumping—Notes on Gas Engine and Electric Motor Drives — Issued October 1933

4661 Factors in choice between gas and electric drives, types of gas engines used, types of motors and controls developed by leading manufacturers for oil well service, engine and motor installation costs, conditions in East Texas field, pumping equipment and methods, gas and electric utility services in East Texas

Electric Storage Battery Trucks — Issued October 1933

4662 Operating conditions under which electric vehicles can successfully compete with gasoline types, power consumption for battery-charging, economic comparison between electric and gasoline trucks, technical and promotional activities of electric-vehicle and battery manufacturers to revive industry

Air Conditioning—Report to Client Companies 1933-1934 — Issued March 1934

Exhibit 84

Commercial development and sales promotional programs, rate levels and forms, progress and popularization during 1933, technical considerations, fields for gas and steam or ice, descriptions of typical installations, activities of utility companies, tabulated investments and operating costs of typical installations served by client companies, biblography, specific data on representative makes of equipment — 4663

Notes on Home-Cooling Installations Using Attic Ventilating Fans — Issued September 1934 — 4664

Types of systems and relative advantages, characteristics of fans and motors, operating procedures, cooling ranges obtained, matters requiring special consideration (noise control, dust nuisance, hay fever), data from client companies, investigations by Detroit Edison

COMMERCIAL

*Comparison of Gas and Electricity for Residential Cooking, Water Heating and Refrigeration — Issued June 1935 — 4665

Outline of method proposed for studies applying to specific situations, customer investments and annual charges, energy consumption data, rate schedules, utility-service costs, promotional and competitive policies, sources of information

Exhibit 84

4666 *Air Conditioning Report to Electric Bond and Share Operating Companies 1934-1935 — Issued August 1935

Progress of air conditioning during 1934 and 1935, summary of installations and connected load served by Electric Bond and Share Operating Companies, new business forecasts, installations served by 31 non-affiliated utilities, activities of utility companies, technical considerations, fields for gas and steam or ice, new apparatus developments, notes on applications for air conditioning, bibliography, specific data on representative makes of equipment

4667 *Air Conditioning Installations—Outline of equipment and System Types — Issued December 1935

Reproduction of paper prepared for October 1935 meeting of Electrical Equipment Committee of Edison Electric Institute, covering classification of equipment, principles utilized, comparison of system types, discussion of apparatus involved, descriptions of unit conditioners and central-plant systems, sources of refrigeration, equipment and installation costs, types of equipment offering competition with electric service

4668

ELECTRICAL

Proposed Form of Contract for Joint Use of Poles by Electric Power and Telephone Facilities — Issued June 1928

Exhibit 84

Specimen form of general contract for joint use of poles on the space-rental basis, with appended construction specifications		4669
Wood Pole Lines—Lightning Investigation—Impulse Insulation Characteristics—Report of Tests and Application of Data	Issued December 1928	
Description of tests at General Electric high-voltage laboratory to determine impulse insulation characteristics of poles, crossarms, woodstick guy insulators, etc., and a section on application of test data to line design and operation, including design of wood guy insulators and protective gaps		4670
Lightning Investigation—Direct Strokes and Principles Involved in Diverting Strokes from Transmission Conductors	Issued January 1931	
Discussion of operating experience of Pennsylvania Power & Light Company, with particular reference to direct strokes, and an outline of principles involved in diverting strokes from transmission line conductors, including effects of tower-footing resistance, use of buried counterpoise, and performance of lightning-diverter cable installed on Wallenpaupack-Siegfried line		4671
Lightning Investigation—February 1931 Conference Report—Abstracts of Discussions Presented	Issued April 1931	

Exhibit 84

4672 Summary of practical conclusions, and papers with discussions thereof presented by Lightning Conference held February 1931 in New York, dealing with operating experience of Electric Bond and Share client companies and non-affiliated companies

Wood Pole Lines—Utilizing Wood for Lightning Insulation—Operating Experience 1928-30 — Issued April 1931

4673 Review of operating experience with transmission lines utilizing impulse strength of wood structures, including lines in Kansas, Arkansas, Lousiana, Pennsylvania, Texas, Carolina, Tennessee and Mexico

Lightning Investigation—Analysis of Operating Performance of Transmission Lines — Issued April 1931

4674 Analysis of operating performance of transmission lines from data furnished by several client operating companies, including general discussion, resume of performance of lines of individual companies, and tentative conclusions

Memorandum—Wiring Old Houses for Electric Ranges and/or Water Heaters — Issued January 1932

Discussion of methods of reducing wiring costs for ranges and/or water heaters, with notes on code situation and an example of low-cost wiring installation

Exhibit 84

Engineering Conference on Distribution Transmission and Lightning—New York —January 26 to 30, 1932

Issued April 1932

4675

Collection of papers presented, discussion of papers, and conclusions; in five separately-bound sections:

Section I—Resume

High-Spot summary of recommendations, conclusions and statement of facts derived from lightning research in the field and laboratory, analysis of operating data, developments in manufcature and performance, improvements in construction practices and technical advances representing progress during 1931

4676

Section II—Distribution Practices

Papers with discussions on distribution practices including: wiring old houses, farm line construction, overhead network systems, high-speed reclosing switching, street lighting and joint use of wood poles

Section III—Distribution and Transmission Operation

4677

Papers covering 1931 performance of transmission and distribution lines of operating companies, discussion of a lightning-drainage scheme and transmission design improvement, system operating problems, developments in control equipment, suggested forms for observing transmission and distribution data

Section IV—Protection and Insulation Coordination

Exhibit 84

4678 Papers with discussions on spillway gaps, high-voltage lightning arresters, surge transformers, miscellaneous operating experience with insulation and protection, suggested forms for collecting insulation-coordination operating data
Section V—Lightning Research
Papers with discussions on lightning research investigations, including General Electric and Westinghouse data

4679 Farm Lines—Analysis of Construction Practices and Costs, and Recommendations for Reducing Costs — Issued June 1932

Data from practices of client operating companies, in low-cost farm-line construction, with recommendations for practices to reduce construction costs

4680 Memorandum—Simplified Residential Wiring with Notes on the Present Situation — Issued October 1932

Discussion of lagging progress in low-cost wiring and the obstacles to needed developments, such as the code and the wiring trades situation

Transmission Line Data—A Guide to the Application of Special Designs of Insulator Hardware — Issued November 1932

Exhibit 84

Application of special insulator hardware, with particular reference to designs recommended by Electric Bond and Share Company 4681

Transmission Line Data—Existing and Recommended Horizontal Spacing Between Conductors on Long Spans—Including Application of Transmission Experience to Small Conductors for Farm Lines — Issued December 1932

Discussion of proper horizontal spacing of overhead line conductors under various operating conditions, and the relation of such spacings to span length, sag, and size and kind of conductors 4682

Report to Client Companies on Distribution Transformer Performance and Distribution Line Performance During 1932 — Issued May 1933

Analysis of data furnished by operating companies, covering performance of distribution lines and transformers during 1932, with tabulation of operating data, conclusions and recommendations 4683

Report to Client Companies on Transmission Line Performance — Issued June 1933

Analysis of data furnished by client operating companies, covering performance of transmission lines during 1932, with tabulation of operating data, conclusions and recommendations

Exhibit 84

4684 **Report to Client Companies on Use of Bare Wire in Overhead Distribution Systems** — Issued June 1933

Analysis of data furnished by client operating companies on experience with bare wire for both primary and secondary circuits in distribution systems, with recommendations for operating practices

4685 **Report to Client Companies on Distribution Transformer Performance and Distribution Line Performance During 1933** — Issued December 1934

Analysis of data furnished by operating companies, covering performance of distribution lines and transformers during 1933, with tabulation of operating data

4686 **Report to Client Companies on Transmission Line Performance to and including 1933** — Issued December 1934

Analysis and summary of operating-performance data on transmission-line facilities of individual client companies and others, and recommendations covering use of certain demonstrated practices

***Report to Client Companies on Distribution Transformer Performance and Distribution Line Performance During 1934** — Issued July 1935

Exhibit 84

Analysis of data furnished by operating companies, covering performance of distribution lines and transformers during 1934, with tabulation of operating data, and conclusions and recommendations — 4687

*Report to Client Companies on Transmission Line Performance to and including 1934 — Issued November 1935

Analysis and summary of operating-performance data on transmission-line facilities on individual client companies, and recommendations covering use of certain demonstrated practices — 4688

*Memorandum—Simplified Building Wiring—Introduction of a New "Covered Neutral" Concentric System — Issued November 1935

Description of new type of insulation wire for simplified low-cost adequate building wiring, discussion of applications, lists of fittings now available, recommendations for extending the application of this product — 4689

GAS

Orifice Meters for Gas Measurement—Installation and Operation — Issued October 1932

Methods of setting meters, pressure gage construction and maintenance, gage piping and

valves, orifice plates, straightening vanes, meter
4690 tags and numbers, inspection and testing methods, test equipment, meter charts, capacity curves (For supplementing data, see Engineering Letter No. 85 approved Sept 1935)

Economics of Natural Gas Pipe Line Design — Issued July 1933

Factors affecting cost of transporting gas, including operating pressure, compression ratio, kind of pipe, spacing of compressor stations, investments and operating costs

4691

MECHANICAL

Cracked Residues for Boiler Fuel — Issued November 1934

Specifications and characteristics of refinery residues that may supplant Banker C oil for land and marine steam-raising, suggestions regarding burning methods and equipment maintenance

Operation of Steam Electric Stations as Hot Rolling Standby — Issued December 1934

4692

Information from turbine and boiler manufacturers regarding limitations of equipment for picking up load instantly from rolling standby or synchronous-condenser operation, practices in several steam electric stations, design features of San Francisco Station specially constructed for service as standby to transmission lines

Exhibit 84

District Steam Heating Systems—Physical and Operating Data Contributed by Client Companies	Issued December 1934	4693

Information on nine district steam systems, relating to pressures and temperatures in distribution mains, character of piping and insulation, types of valves and meters, methods for detecting leaks, observed relation between maintenance expenditures and steam loss, extent and prevention of corrosion in mains 4694

*Review of Bituminous Coal Conservation Act of 1935—Effect on Coal Costs of Electric Bond and Share Company Group	Issued October 1935	

Present and estimated future annual coal costs for nine electric, gas and steam-heat companies, general discussion of situation, statements by producers' representatives, press comment, summary of Act, organization chart, pertinent sections of Act 4695

Exhibit 84

New York

4696

Revised January 1936

EBASCO SERVICES INCORPORATED INDEX OF ENGINEERING LETTERS IN EFFECT 1ST JANUARY 1936

Below is a revised schedule of Engineering Letters, in effect as of this date, issued by EBASCO SERVICES INCORPORATED for the use of client companies. Obsolete Letters are omitted from the schedule. Certain of those listed are subject
4697 to revision as necessity arises; at such times revised issues will be distributed.

Entries added since previous issue, comprising Numbers 69 to 86 inclusive, are indicated by asterisks. Number 43 has become obsolete.

A revised Index will be issued from time to time, as additional or revised Letters are prepared.

ENGINEERING DEPARTMENT

AUTOMOTIVE VEHICLES

4698 Number

31	Instruments for Checking Fuel Economy	Approved March 1933

Operating principles of exhaust analyzers, gasoline savings, descriptions and prices of typical instruments

Exhibit 84

35 Economic Life — Approved June 1933 — 4699

Suggested procedure for computing age or mileage at which vehicles should be retired

42 Speed Governors — Approved August 1933

Savings in fuel, oil, tires and repair expense by preventing excessive car speeds, dangers in high-speed driving, descriptions and prices of representative governors — 4700

44 Crankcase Oil Use and Reclamation — Approved November 1933

Recommended grades of oil and change-schedules, practices followed in client-company fleets, characteristics of oils, effect of use, factors determining oil consumption, operating principles of typical reclaiming apparatus, with prices and operating costs

53 Supplementary Data on Fuel, Speed Governors and Oil — Approved May 1934 — 4701

Summary of Portland Gas and Coke Company report on crank-case oil reclamation, instruments for checking carburetor adjustment, speed governors; data from Byllesby and two other utility groups, on same topics and on gasoline specifications

56 **Reduction in Losses from Fleet Accidents** — Approved July 1934

4702

Country-wide automobile accident statistics, estimate of total annual accident and money loss for 5600 vehicles owned by client companies, complete reprint of 1934 report by S A E special committee on Accident Control in Fleet Operation, summary of Vehicle Membership service offered by National Safety Council

64 **Anti-Freeze Materials for Automobile Cooling Systems** — Approved October 1934

4703

Characteristics of anti-freeze materials, factors affecting choice for fleet use, purchase specifications, suggestions for winter use of cooling systems, objections to certain non-recommended anti-freeze materials

*72 **Renewal of Anti-Skid Treads on Worn Tires** — Approved April 1935

4704

Factors affecting tread wear and skid resistance, mileage obtained from regrooved tires, opinions of tire and automobile manufacturers, experience of fleet operators, cost of regrooving, power used by tools, description and prices of representative tools, markets for regrooving service and tools, field of application, effect of regrooving on ultimate retreading

Exhibit 84

*72	Supplement I—Renewal of Anti-Skid Treads on Worn Tires	Approved April 1935	4705

Description of Bendix Nu-Grip safety tread and slotting machine

*73	Methods of Finishing Engine Cylinders after Reboring	Approved May 1935	

Description and prices of typical cylinder honing tools and dust removal outfits, relation between cylinder-wall finish and rate of wear, effect on oil consumption, methods of measuring smoothness, current practices of motor-car manufacturers 4706

*78	Modifications Available for Fleet Cars to Reduce Operating Costs	Approved June 1935	

Summary of methods for improving economy, reasons for requiring economy features, psychological difficulties encountered, recommendations from three low-priced vehicle manufacturers, recent fuel and oil consumption data on low-price cars, reference to Engineering Letters previously issued, experience and practices of non-affiliated utility companies, remarks on progressive increase of engine capacities, performance of American and British cars compared 4707

Exhibit 84

4708	*86	Accident Prevention in Utility-Company Fleets	Approved August 1935

Reprint of Article — AND SUDDEN DEATH from Readers Digest, summary of 1934 motor-vehicle accident statistics, reproduction of text and charts issued by National Safety Council, driving clinic developed by Dr A R Lauer and tried during 1935 by Memphis Power & Light, safety campaign of popular magazine, safety programs initiated by vehicle manufacturers, "drive-safely" poster issued by trade magazine, comments on speed as a cause of accidents, use of speed governors, references to information in previous Engineering Letters

4709

4710	*86	Supplement I— Accident Prevention in Utility-Company Fleets	Approved September 1935

Instructions for purchasing reprints of Readers Digest article—AND SUDDEN DEATH

Exhibit 84

CIVIL 4711

49 Method of Determining Power Capacity and Annual Charges on Hydro-Electric Projects Under License from Federal Government — Approved March 1934

*71 Maintenance of Hydro Plant Equipment — Approved March 1935

Reproduction of report Scheduled Inspection and Maintenance of Hydraulic Plant Equipment presented at 1934 convention of Canadian Electrical Association, with supplementary notes giving suggestions to operating departments of associated companies 4712

27 Torque Characteristics of Prime Movers with Relation to Flour Mill Drive — Approved November 1932

Torques obtainable from steam and internal-combustion engines and from electric motors, in relation to starting loads after week-end shutdowns 4713

28 Air Conditioning for Office Buildings — Approved March 1933

Types of systems and refrigeration equipment, installation costs, increased rental values, sources of commercial and technical information

Exhibit 84

29 Air Conditioning in the Printing Trades — Approved March 1933

4714

Troubles caused by atmospheric variations, departments benefited by air conditioning, recommended temperatures and humidities, procedure for estimating possible savings, types of systems, list of installations

30 Refrigerating Systems for Air Conditioning —Choice of Type — Approved March 1933

4715

Comparison of investments and operating costs for motor-driven compression and steam-jet (vacuum) systems, methods of cooling without refrigeration

33 Energy Requirements of the Brewing Industry — Approved April 1933 or Revised May 1933

Potential market and estimated manufacturing cost, schedule of motors, steam demands, refrigeration loads and equipment, private power plants, description of brewing processes, bottle and barrel manufacture, bibliography

4716

36 Energy Requirements of the Brewing Industry— Supplement to Letter 33 — Approved June 1933

Refrigerated dispensing equipment, motor sizes for grain handling, process steam de-

mands, applications for natural gas, methods of malt production, notes on brewing technology, descriptions of brewing apparatus, promotional activities of equipment manufacturers, bibliography 4717

39 Domestic Refrigerators Using Gaseous and Liquid Fuels — Approved July 1933

Performance data, operating costs, construction and operating principles of Electrolux air-cooled gas-burning refrigerators, comparisons with electric refrigerators, descriptions of kerosene types 4718

45 Energy Requirements for Production of Spiritous Liquors — Approved January 1934

Potential market and manufacturing costs, schedule of motors, steam demands, use of refrigeration and air conditioning, private power plants, description of distilling processes, typical distillery layouts, bibliography 4719

54 Briquettes Made from Waste Materials— "Pres-To-Logs" from Wood Refuse — Approved August 1934

Description of machine developed by Weyerhauser lumber interests for converting waste products into marketable fuels, power requirements, commercial possibilities

Exhibit 84

55 Record of Air-Condi- Approved July 1934
4720 tioning Installations
Served by Client Companies

Comments on value to client utility companies and entire industry, of data on air-conditioning load served and new business secured through promotional activities during 1934, specimen tabulation forms, temporary metering facilities recommended

57 Applications of Air Approved August 1934
4721 Conditioning in Flour Mills

Benefits derived, outline of milling process, troubles encountered without atmospheric control, weight losses and variations in flour, opinions of milling specialists, data on existing air-conditioning installations in flour mills, information from equipment manufacturers

58 Diesel-Engine Com- Approved August 1934
petition—Report on A S M E
4722 Oil and Gas Power Division
Meetings and on Conference
of Utility Representatives

Volume of 1933 engine sales, price trend, high-speed Diesels, new technical developments, methods of combating competition with electric utilities, superiority of utility service, notes on 1933 A S M E oil-engine power-cost report, summary of proceedings at June meeting of A S M E Oil and Gas Power Division

Exhibit 84

60 Unit Air Conditioners and Conditioning Systems — Approved September 1934 — 4723

Fields of application, advantages, functions performed, approximate investments and operating costs, sources of refrigeration and heat, types of apparatus, construction and installation, specimen calculation of cooling load, notes on accessory central-fan equipment

63 Froze Foods— Notes on Preparation, Distribution and Power Requirements (Field distribution to be made January 1935) — Approved November 1934 — 4724

Principles involved, commercial statistics of systems in use, descriptions of apparatus and processes, refrigeration tonnage and power requirements, capital investments, cold-storage and transportation facilities, low-temperature cabinets for retailers and consumers

*69 Low-Speed Diesel Engine Data—Analysis of A S M E Diesel Cost Report — Approved January 1935 — 4725

Tabulated Code Authority prices for engines 200 to 2000 hp, schedule of parts and auxiliaries included, comparison with 1932 prices, analysis of operating results and production costs of 156 Diesel plants recorded in A S M E Report on Oil-Engine

Exhibit 84

Power Cost for 1933, notes on engine re-
4726 placements and breakdowns

*70 High Speed Diesel-Engine Data — Approved February 1935

Tabulated specifications and prices for engine-generators 5 to 100 kw, schedule of parts and auxiliaries included, approximate dimensions, data on mechanical-drive units, performance curves showing torque and fuel consumptions, specifications for and methods of estimating fuel
4727 oil and lubricating oil, data for estimating maintenance expense, specimen calculation of production cost

*74 Development of Electric Service to Farms — Approved May 1935

Number of farm customers served by associated companies, magnitude of 1935 farm-line construction budget, summary of report Development of Electric Service to Farms by Electric Bond and Share Com-
4728 pany, transmitted with Engineering Letter

*75 Gas Engine Data — Approved August 1935

Tabulated specifications and prices for ten makes of natural-gas engines 10 to 600 hp, schedule of generator and exciter prices and efficiencies, schedule of parts and auxiliaries included, approximate dimensions, fuel consumption, performance curves showing torque and fuel consump-

tion, method of computing engine rating for continuous service on natural-gas fuel, notes on use of second-hand gasoline engines converted to gas fuel competing with purchased power 4729

*80 Economic Life of Diesel Engines — Approved July 1935

Opinion that useful life of Diesels in municipal service is not over 10 years and in industrial plants often 5 years or less. Complete reprint of November 1933 paper by H. H. Field, of Chicago, entitled Economic Life of Diesel Engines, covering refutation of engine manufacturers' 20-year-life claims, trend toward lighter high-speed type, summarized opinions of some qualified specialists, analysis of factors 4730

determining useful life, obsolescence caused by new improved designs, trend of fuel prices, need for skilled operators and maintenance, summary of life records of actual engines 4731

*81 Diesel-Engine Competition — Approved August 1935

Complete reprint of address at June 1935 meeting of fuel engineers, by J S Hartt of Madison Wisc, presenting cost and miscellaneous data on Diesel stations (particularly municipal plants in Wisconsin), tactics used by some engine salesmen in locating and developing prospects, prob-

able trend of fuel prices, elements of Diesel
4732 power costs often ignored by salesmen

*82 Economic Life of Diesel Engines — Approved August 1935

Data indicating useful life of Diesels in utility power systems not over 10 to 12 years or in industrial service about 5 years, tabulation showing active life (in first installation) of 127 Diesels in 9 states, similar data for units in 35 plants owned by a southern utility, capacity fac-
4733 tors during 1933 for 9 engines in a major station, summary of testimony in court case relating to proposed municipal plant

*84 Diesel-Engine Data —Report on A S M E Oil and Gas Power Division Meeting — Approved August 1935

List and summary of papers and discussions at May 1935 meeting in Tulsa, including topics useful to Diesel station operators and electric power salesmen,
4734 such as troubles with high-speed engines, choice of fuel oil, insurance costs, enforced shut-downs, explosion hazard, corrosion troubles, oil-country service conditions, applicability of gas engines in oil fields, notes concerning Diesel conference April 1935 at Iowa State College

*84 Supplement I— Diesel-Engine Data — Approved August 1935

Exhibit 84

Complete reprint of paper Diesel Engine Insurance presented by H J Vander Eb at 1935 A S M E meeting in Tulsa, remarks on reliability of Diesels as affected by operating practices 4735

ELECTRICAL

5 Notes on Specifications for Purchasing Built-To-Order Transformers — Revised December 1920

Recommendations relating to use of, and explanatory notes on, Ebasco Specifications B-8289 4736

17 Oil for Electrical Apparatus — Revised May 1929

Characteristics of insulating and cooling oils sold by apparatus manufacturers, and recommended utilization practices

19 Location of Faults in Buried Underground Cables — Approved April 1931

Outline of usual methods and equipment for locating faults in buried underground cables, with recommendations for operating practices 4737

32 Simplified Wiring— Recent Developments in the Overhead Service Entrance — Approved April 1933

Developments in service-entrance wiring methods, including provisions of 1933 National Electrical Code, with discussion of various types of service-entrance cables

Exhibit 84

41 Rapid Reclosing of Feeder Circuit Breakers—Review of Status — Approved August 1933

4738

Summary of available technical information and operating practices relating to rapid reclosing of feeder circuit breakers, with recommendations concerning their application

46 Overhead Distribution Practices—Recommended for Economies in First Cost and Operating Expense — Approved February 1934

4739

Grounding, common neutral, transformer connections, rapid feeder reclosure, combined power and lighting loads, bare conductors, primary voltages, pole lines

47 Connecting Open Delta and Open Y Transformer Banks for Serving Combined Lighting and Power Loads — Approved February 1934

4740

Significance of phase rotation, and methods for determining best transformer connections

48 Inspection and Maintenance of Wood Poles in Service — Approved March 1934

Summary of current practices, including methods of reconditioning and stubbing, and recommendations for operating procedure

Exhibit 84

50	Simplified Wiring— Notes on Present Status and Examples of Practices in Low-Cost Wiring for Ranges and Heavy-Duty Appliances	Approved March 1934	4721

Review of progress in service installations, range-wiring and general wiring methods, with descriptions of range-wiring practices of four operating companies

51	Spill Gaps for Protection of Distribution Transformers Against Lightning	Approved April 1934	4742

Items of technical information covering theory and operation of certain types of protective gaps, and suggested designs for open-type spill gaps for protection of distribution transformers against lightning

59	Bushing and Other Insulation Testing— Power Factor Method	Approved August 1934	4743

An insulation-testing procedure for substation equipment, with description of testing equipments and information regarding an arrangement whereby such equipment can be obtained on favorable terms

61	Conversion of Present House Meters for Standard Interchangeable Mounting	Approved September 1934	

Exhibit 84

Discussion of the problem of coordinating
4744 existing meters with new Type A and Type S interchangeable standards, including methods of mounting and an arrangement for obtaining conversion parts at quantity discount prices

62 Simplified Wiring —Low-Cost, Heavy-Duty, Service-Entrance Control Box — Approved October 1934

Description of new low-cost service-entrance switch, and an arrangement for
4745 pooled purchasing

65 Street and Highway Lighting—Notes on Conference at Nela Park, Cleveland — Approved November 1934

Digest of information presented at Operating Engineering Conference on Street and Highway Lighting, under auspices of General Electric Co, Lamp Division, at Nela Park, Cleveland, September 13 and 14, 1934

4746

66 Simplified Wiring—Relations with Inspectors — Approved November 1934

Certain aspects of the building-wiring situation, and importance of cooperative relations with inspection authorities, including information on organization of International Association of Electrical Inspectors

Exhibit 84

68 Overhead Distribution—Wood vs Steel Insulator Pins — Approved December 1934 — 4747

Results of study of comparative merits of wood and steel insulator pins for distribution circuits, with conclusions derived from reported experience of thirteen client companies

*76 Simplified Wiring—National Electrical Code 1935 Revision — Approved May 1935 — 4748

Transmittal of advance issue of Report of Electrical Committee of National Fire Protection Association outlining revisions adopted for 1935 edition of National Electrical Code, action taken as to Electric Light & Power Group proposed complete revamping of Code, use of bare neutral for interior wiring, changes adopted for service wiring and equipment, provisions affecting grounding, use of wiring without metal enclosure, recognition given to non-inflammable insulating liquids for transformers and other indoor equipment — 4749

*77 Conversion of Present House Meters for Standard Interchangeable Mounting — Approved June 1935

Information supplementing data in Engineering Letter No. 61 relating to coordination of existing meters with new Type A

and Type S standards for mounting, reprint of memorandum Some Notes on Methods and Results in Converting Meters to Socket Type by J D Hertz of Pacific Power & Light Company

4750

*79 Electric Distribution Engineering Conference— Summary of Conclusions and Recommendations — Approved July 1935

Ideas developed and recommendations made as a result of conference in New York during February 1935, embracing some 20 topics

4751

*83 Voltage Drop in Secondary Mains of Overhead Distribution Systems, and Effects of Conductor Spacing — Approved August 1935

Relation of power factor and conductor spacings to voltage drop, curves showing regulation obtained for certain assumed conditions, relation between regulation and cost of conductors, recommendation as to economic size of secondary copper and spacing of distribution transformers

4752

Exhibit 84

GAS

4753

*85 New Orifice-Meter Constants — Approved September 1935

Information supplementing report Orifice Meters for Gas Measurement issued 30 October 1932, transmittal and discussion of Gas Measurement Committee Report No. 2 issued 6 May 1935 by Natural Gas Department of American Gas Association. Includes recommendations for installation of orifice meters, methods and formulas for determining gas flow through meters installed according to recommendations, comment regarding new coefficient in flow formula 4754

MECHANICAL

21 Measurement of Surface Temperatures — Approved February 1930

Instructions for installing thermocouples and taking readings of metal temperatures in boilers and superheaters. 4755

22 Instructions for Initiating Laboratory Work by P P & L Co at Hazelton — Approved January 1930

Routine to be followed in New York office and in field, for ordering and invoicing chemical and physical laboratory testing work

Exhibit 84

22a **Size of Samples Required for Analysis of Coal, Water, Fuel and Lubricating Oils** — Tentative February 1930

4756

23 **Lubrication of Diesel Engines** — Tentative March 1932

Recommended precautions and policies in use of low-priced lubricating oils

24 **Fire Hazard from Turbine Lubricating Oil** — Approved May 1932

4757

Descriptions of recent turbine oil fires, recommended inspection procedure, suggested piping modifications

37 **Mercury Boiler-Turbine Plants Recently Installed** — Approved June 1933

Descriptions of units installed at Kearny and Schenectady, performance data and economic results

4758 40 **Standby Steam Turbo-Generators—Precaution Against Corrosion** — Approved July 1933

Recommended procedure for cold-standby and long-time shutdowns, to prevent corrosion in turbine and condenser, and to protect generator and electrical equipment

Exhibit 84

52 Steam Electric Station Chimneys—Troubles with Brick Linings — Approved May 1934 — 4759

Methods for inspecting linings and recording cracks, notes on condensation troubles, tabulation of data contributed by client companies

67 Plant Equipment and Maintenance—Sprayed Molten-Metal Coatings — Approved December 1934

Description of apparatus and process, specific use in utility-company plants, limitations of process, investment and operating costs, list of manufacturers, experience of client company — 4760

WFF*BN

4761

62

Exhibit 85

PURCHASES NEGOTIATED FOR SERVICED COMPANIES BY BOND AND SHARE 1929—1934

SCHEDULE A—VOLUME OF PURCHASES 1929—1934.

SCHEDULE B—VOLUME PURCHASE CONTRACTS AS DESCRIBED IN SECTION 69, PARAGRAPH A, OF THE STIPULATION.

63

I. PURCHASE CONTRACT PROVIDING FOR AN ANNUAL DISCOUNT.

II. PURCHASE CONTRACT PROVIDING FOR DISCOUNT AT DATE OF PURCHASE.

SCHEDULE C—SPECIAL CONTRACT AS DESCRIBED IN SECTION 69, PARAGRAPH B, OF THE STIPULATION.

64

Exhibit 85

SCHEDULE A

VOLUME OF PURCHASES 1929—1934

	1929	1930	1931	1932	1933	1934
Purchases under blanket contracts providing for annual discounts	$ 8,400,920	$ 8,953,097	$ 5,797,006	$ 2,105,020	$ 2,366,634	$ 2,476,022
Purchases under blanket contracts providing for billing discounts						
(1) Definitely ascertainable	1,188,617	1,445,183	1,499,161	933,823	870,916	1,890,013
(2) Estimated additional	5,631,949	6,106,926	4,285,049	1,784,716	1,901,417	2,564,178
Purchases under special contracts	11,288,300	14,274,658	5,694,960	411,509	71,066	86,143
Total purchases under contracts negotiated by Bond & Share	26,509,786	30,779,864	17,276,176	5,235,068	5,210,033	7,016,356
Purchases negotiated by operating companies locally	63,602,724	51,260,786	36,947,990	13,347,818	14,146,853	22,386,624
Intercompany purchases of natural gas fuel		3,754,388	3,138,345	2,380,361	3,160,178	2,431,571
Total purchases by operating companies	$90,112,510	$85,795,038	$57,362,511	$20,963,247	$22,517,064	$31,834,551

Exhibit 85

SCHEDULE B

4768

VOLUME PURCHASE CONTRACTS

I. *Purchase Contract Providing for Annual Discount*

Form 937 10M—1-15-36

No. 194

FORD MOTOR COMPANY
FLEET OWNER'S AGREEMENT

AGREEMENT made at Dearborn, State of Michigan, as of this 25th day of January, 1936, by
4769 and between Ford Motor Company, a Delaware Corporation with its principal place of business at Dearborn, Michigan (hereinafter called "COMPANY") and the client and/or associated companies of EBASCO SERVICES INCORPORATED whose principal places of business are as indicated on attached "List of Client and/or Associated Companies" (hereinafter called "FLEET OWNER") witnesseth:

DEFINITIONS

4770 LIST PRICE shall be the Company F. O B. Factory list price at time of delivery of new automobiles, commercial units and trucks, or chassis (exclusive of all items not included in the Company F. O. B. Factory list price).

FLEET DISCOUNT shall mean 3% of the *list price* of new Ford automobiles, commercial units and trucks or chassis *not exceeding* ¾*-ton capacity* purchased at list price from authorized Ford dealers within one year following the above date by Fleet Owner and subsidiaries.

Exhibit 85

TRUCK DISCOUNT shall mean 10% discount allowed by Ford Dealers from the *list price of* new Ford trucks and chassis over ¾ tons capacity purchased by Fleet Owner and subsidiaries from Authorized Ford Dealers within one year following above date, such *list price* to include accessories and truck body equipment installed on vehicle by Company, deducting from such *list price,* however, the allowance made by dealer for any used vehicle or vehicles traded in as partial payment. 4771

TOTAL NET PURCHASES shall mean the total *list price* of new Ford automobiles, commercial units, trucks or chassis purchased from Authorized Ford Dealers by Fleet Owner and subsidiaries in which Fleet Owner owns a controlling interest, list of which is hereto attached, during the twelve months next following date hereof, less *Truck Discount* allowed by Ford Dealers also *Fleet Discount.* 4772

QUANTITY DISCOUNT shall mean the discounts as detailed in paragraph (5), and computed on *total net purchases.*

TERMS 4773

Whereas Fleet Owner certifies that the combined fleet of Fleet Owner (The Client and/or associated companies of EBASCO SERVICES INCORPORATED, a list of which companies is hereto attached), totals 5,608 automobiles, trucks or chassis of which 2,657 are Ford units and that the estimated purchases by Fleet Owner of motor vehicles

during the next twelve months will total at least
4774 $15,000.00.

It is agreed by and between the parties hereto as follows:

(1) Fleet Owner agrees that all units purchased under this agreement are for use only in the United States, and only such purchases will be included in determining *total net purchases* or discounts.

(2) The Fleet Owner shall be entitled to *fleet discount* provided his (or its) total purchases of new automobiles, commercial units, trucks or chas-
4775 sis regardless of make or tonnage rating purchased within one year from the above date by Fleet Owner equal or exceed the sum of $15,000.00.

(3) Company will make initial payment of *fleet discount* when Fleet Owner furnishes satisfactory proof of having qualified as provided in paragraph (2). Thereafter, additional *fleet discount* is payable monthly as earned, and as soon as practicable after receipt of forms provided for in paragraph (8).

4776 (4) Fleet Owner shall be listed with Authorized Ford Dealers as entitled to receive *Truck Discount.*

(5) Company will pay Fleet Owner a *quantity discount* at a rate depending upon the Fleet Owner's *total net purchases* as defined above from authorized Ford dealers as follows:

Exhibit 85

If total net purchases are					$ 15,000.00	but	less	than	$ 50,000.00	—1½%
"	"	"	"	"	50,000.00	"	"	"	100,000.00	—2%
"	"	"	"	"	100,000.00	"	"	"	150,000.00	—2½%
"	"	"	"	"	150,000.00	"	"	"	200,000.00	—3%
"	"	"	"	"	200,000.00	"	"	"	300,000.00	—3½%
"	"	"	"	"	300,000.00	"	"	"	400,000.00	—4%
"	"	"	"	"	400,000.00	"	"	"	750,000.00	—4½%
"	"	"	"	"	750,000.00	and over				—5%

(6) *Quantity discount* is payable as soon as practicable after the expiration of the twelve months' period following date of this agreement.

(7) Fleet Owner agrees that units purchased under this agreement are to be resold only after bona fide use, except that Fleet Owner may resell such units to employes or permit employes to purchase units directly from Ford dealers under this agreement providing that at least 50% of the mileage such units are operated is in conduct of the Fleet Owner's business, and that a specific allowance is made by Fleet Owner for the maintenance and operation of same. Any purchase made hereunder directly from Ford dealers by Fleet Owner's employes must be authorized by presenting dealer at time of purchase with Fleet Owner's regular Purchase Order.

(8) Anything in this agreement to the contrary notwithstanding Fleet Owner shall be entitled to discount privileges on any particular Ford automobile, truck or chassis, only if Fleet Owner at time of making purchase of Ford unit shall prepare, execute and obtain dealer's certification in

a manner satisfactory to Company, Fleet Owner
4780 purchase certificate (Ford form No. 924) and shall within thirty days thereafter submit duplicate copies to the Company's branch in whose territory the delivering dealer is located.

(9) Company's *list prices* on motor vehicles may be changed at any time without advance notice, and such units may be improved or changes in design may be made or equipment may be added thereto at any time without Company obligation to Fleet Owner.

4781

(10) This agreement is not assignable or transferable by the Fleet Owner without consent of Company.

(11) Both parties agree that there are no understandings or agreements other than herein set forth, and that the terms hereof may be altered or varied only in writing by the duly authorized officers of Company, and the duly authorized officers or agents of Fleet Owner.

4782 (12) Fleet Owner's purchases of Ford units will be made from authorized Ford dealers, and Company assumes no obligation or liability except as herein stated.

(13) The only warranty on Company's products is that printed on the reverse side of the Retail Buyer's Order (Ford Form No. 845) and no dealer or representative of the Company is authorized to make any other warranty.

Exhibit 85

(14) This is a Michigan Agreement and shall be construed according to the laws of the State of Michigan. If any provision of this agreement is held to be invalid or unenforceable, this contract shall as to such provision be considered divisible and the balance of the agreement shall be valid and binding. 4783

(15) This Agreement may be terminated at any time at the will of either party by written notice to the other given either by Registered Mail or by personal delivery, but shall terminate by limitation at midnight one year from date.

4784

(16) If prior to the date hereof any agreement with respect to *discounts* shall have been in effect between the parties hereto, Company and Fleet Owner agree each in consideration of release by the other from the obligations and rights thereunder existing that such prior agreement is hereby terminated and cancelled and that after the date hereof, all rights and obligations of the parties hereto shall be governed and controlled exclusively by this agreement.

4785

(17) This agreement shall not bind Company until it is signed on its behalf by its President, Vice President, Secretary or Assistant Secretary.

(18) In Witness Whereof the parties have executed this agreement as of the day and year first above written.

Exhibit 85

FORD MOTOR COMPANY
4786 By (Signed) D. Coulter
Assistant Secretary

Client and/or Associated Companies of
EBASCO SERVICES INCORPORATED
FLEET OWNER

By EBASCO SERVICES INCORPORATED,
Agent

By (Signed) W. H. BURKE
Vice-President
4787 TITLE

II. *Purchase Contract Providing for Discount at Date of Purchase*

G.D.O. 15 1M 9-35

CONTRACT

FOR GAS METERS

Dated February 1, 1936

4788 I. PARTY OF FIRST PART

Between
the PITTSBURGH EQUITABLE METER COMPANY of Pittsburgh, Pa., who agrees to sell, and

II. PARTY OF SECOND PART

Client and/or Associated Companies of EBASCO SERVICES INCORPORATED whose principal

Exhibit 85

offices are indicated on the attached list of Client and/or associated companies who agree to purchase, under the following terms and conditions: 4789

III. KIND

Gas Meters, Regulators, Safety Valves, Water Meters, Nordstrom Valves, Service Cocks, Swivel Flanges & Leak Clamps

IV. QUANTITY

Such Pittsburgh Equitable Meter Company's equipment as any of the Client and/or Associated Companies of EBASCO SERVICES INCORPORATED may choose to purchase. 4790

V. DURATION

During the period of February 1, 1936 to June 30, 1936.

VI. PRICES

It is further agreed that no increase in these prices will be made during the period of this contract, namely—February 1, 1936 to June 30, 1936, and that in event of any reduction in our prices, such reduction will be made to apply to any such material purchased after date of notification of such reduction. The prices applicable to this contract are set forth in the sheets attached hereto and made a part hereof. 4791

VII. TERMS

Net Cash 30 days.

Exhibit 85

VIII. DELIVERY

4792

F. O. B. Pittsburgh, Pa., on all domestic shipments. F. A. S. New York on all export shipments. No

IX. CONDITIONS

This contract shall not be binding or in force until approved and countersigned by the proper officials of the PITTSBURGH EQUITABLE METER COMPANY, and is made subject to strikes, accidents, labor disputes and other unavoidable causes of delay; the party of the first part is not to be held
4793 liable for damages resulting from delay in our shipments traceable to such causes. Effective the date first above written, as executed and approved under our hands and seals. Each shipment subject to charge for boxing for export.
credit approval by Party of the First Part.

PITTSBURGH EQUITABLE
METER COMPANY,
party of the first part.
By (Signed) E. A. Johnson
District Sales Agent
4794 (Signed) J. E. Brown
Director of Sales

Client and/or Associated Companies of
EBASCO SERVICES INCORPORATED
party of the second part.

By EBASCO SERVICES
INCORPORATED, Agent

By (Signed) W. H. Burke
Vice-President

1599

Exhibit 85.

SCHEDULE C

4795

SPECIAL CONTRACT

Form 6006 Rev. 12-35

Order No. D-2175

Date March 26, 1936

EBASCO SERVICES INCORPORATED

Two Rector Street, New York City

To Moloney Electric Company, 11 Park Place, New York, N. Y. 4796
Attention Mr. F. M. Tupper, Vice-President

Ship to Mississippi Power & Light Company, Greenville, Miss.
c/o Mr. J. F. Harrison, Chief Engineer.

Route Via Instructions later

Bill to Mississippi Power & Light Company
EBASCO SERVICES INCORPORATED, Agent,
Room 1655, Two Rector Street, New York, N. Y.

Prices F. O. B. Greenville, Miss. Shipment Required See Below 4797

Show the above order number on all invoices, shipping papers and correspondence. Also on all pieces, packages or containers shipped.

This condition is imperative.

Prepay all charges on goods purchased F. O. B. destination or freight allowed.
Send original and four (4) copies of bill of lading and five (5) copies of all invoices and packing lists to purchasing agent, Ebasco Services Incorporated, Two Rector Street, New York City.

Exhibit 85

CONFIRMING TELEPHONE ORDER GIVEN MR. TUPPER
4798 *MARCH 24, 1936*

ITEM 1: 4—3333 kva single phase, 110 kv transformers in accordance with Specifications B-8289, dated February 13, 1936, bearing this order number attached hereto and made a part of this order, sheets 1 and 1A of which (6 pages) are attached hereto, except that in lieu of the impulse voltage tests designated as Test No. 1 under Note F, Sheet 1A, the Seller in addition to all other guarantees, guarantees that the
4799 transformers will be self-protecting in actual service as defined in Note E, Sheet1A of the attached specification.

Furthermore, the Seller proposes and guarantees the following performance characteristics:

Per Cent Efficiency at full load—not less than 99.02%
Per Cent Efficiency at ¾ load—not less than 99.07%
4800 Per Cent Efficiency at ½ load—not less than 98.95%

Losses not to Exceed: At No Load 11,750 watts, per transformer
Total Loss at Full Load 32,750 watts, per transformer
Price $11,000.00 each.

Exhibit 85

PATENTS:

The Manufacturer shall indemnify and save harmless the Purchaser, its successors and assigns, against all claims, suits, proceedings, damages and losses arising from any infringement, real or claimed, of any patent (United States patent unless otherwise specified in this order) on any article, machine, manufacture, composition arrangement, improvement, design, device, method or process embodied or used in, or in the making or construction of, any of the apparatus, material or structures, furnished by the Manufacturer under this order. The Purchaser shall give written notice of all claims and patent infringement suits or proceedings instituted against it involving said apparatus, material or structures, to the Manufacturer, who shall defend the same, and shall give the Manufacturer authority and all available information to enable it so to do. 4801 4802

All royalties and license fees for patents and charges for the use and infringement, thereof, that may arise in connection with this order, are included in the order price, and the Manufacturer shall pay all such royalties, license fees and charges. 4803

GUARANTEE:

The Seller warrants the satisfactory and successful operation of all apparatus furnished on this order and that the apparatus so furnished shall be free from defects either in design, ma-

terial or workmanship and shall be
4804 suited in all respects for the particular purposes for which it is sold and for all other uses for which it may be represented by the Seller to be suited. The warranties contained in this paragraph are in addition to any and all warranties arising by operation of law out of the sales of such apparatus and nothing herein contained shall be construed as limiting or restricting such warranties.

4805 *TOTAL PRICE*: F. O. B. GREENVILLE, MISSISSIPPI—FORTY FOUR THOUSAND AND 00/100 DOLLARS.....$44,000.00

TERMS: 50%—on receipt of ORIGINAL AND FOUR COPIES OF INVOICE ACCOMPANIED BY ORIGINAL AND FOUR COPIES OF BILLS OF LADING AND FIVE COPIES OF PACKING LISTS.

40%—payable thirty days after date
4806 of BILL OF LADING.

10%—payable sixty days after date of BILL OF LADING.

IMPORTANT: No payment will be made unless the required number of copies of the invoice, bills of lading and packing lists are received.

Exhibit 85

DRAWINGS: Furnish within ten days, 3 copies of preliminary drawings for Purchaser's approval. After approval furnish 5 copies of final certified copies of drawings. 4807

TEST RECORDS: Manufacturer shall furnish the Purchaser five (5) copies of certified test reports as promptly as possible on completion of the standard shop tests.

SHIPMENT: You quote ten to twelve weeks shipment, dating from verbal order given you March 24, 1936. Complete shipment is required so that delivery is made at destination not later than June 23, 1936. 4808

ROUTE VIA: We will instruct you later as to the routing we require.

INSPECTION: Material on this order shall be subject to inspection by Purchaser and the Seller shall advise promptly when it is ready for inspection. Purchaser's Inspector shall, at all times, have access to all parts of shops where material is being prepared, and also shall be provided by the Seller with all reasonable inspection facilities. No material shall be shipped without release from Purchaser or Purchaser's Inspector. Release of material shall not release the Seller from responsibility for furnishing material to conform to requirements of this order nor invalidate any claim which Pur- 4809

chaser may make because of defective
4810 or unsatisfactory material.

L.Wanser:GS

Please Acknowledge Promptly

MISSISSIPPI POWER & LIGHT COMPAN
Ebasco Services Incorporated, Agent
By T. K. White
Purchasing Agent

4811

4812

Exhibit No. 86

APPARATUS EXCHANGE
BOND AND SHARE AND EBASCO

4813

Volume of Sales Made by Serviced Companies of Apparatus and Equipment Listed in The "Apparatus Exchange Stock Summary" Jan. 1, 1929—April 1, 1936

Estimated by head of Ebasco Services Incorporated Purchasing Department Jan. 1, 1929 to July 1, 1932	$420,000
Reported from client companies to Bond and Share and Ebasco Services, Incorporated July 1, 1932 to April 1, 1936	$311,633
Total	$731,633

4814

4815

Exhibit 87

CONTRACT WITH GENERAL ELECTRIC COMPANY (1912)

4816

AGREEMENT made this First day of January, 1912, by and between GENERAL ELECTRIC COMPANY, a corporation of the State of New York (hereinafter called the General Company), and ELECTRIC BOND AND SHARE COMPANY, a corporation of the State of New York (hereinafter called Bond and Share Company).

WITNESSETH

THAT, WHEREAS the General Company is
4617 engaged in the manufacture of electrical apparatus and desires to sell, subject to the terms and conditions hereof, to the Bond and Share Company, and to the companies listed in Schedule* attached (hereinafter called Subsidiary Companies), which are engaged in the business of central station electric lighting or distributing electric power for other purposes, for its use and the use of the Subsidiary Companies, the apparatus manufactured by the General Company for central station lighting or for other purposes and the Bond and Share Company and said Subsidiary Companies are willing
4818 to buy such apparatus required by them from the General Company.

NOW, THEREFORE, in consideration of the premises and other covenants hereinafter contained, it is agreed as follows:

FIRST: The General Company agrees to furnish to the Bond and Share Company and to the

---

* The schedule referred to above is omitted from this Exhibit. This schedule, as revised from time to time, included subsidiary companies of American Company, Electric Company, National Company and American Gas. Prior to 1935, certain other volume purchase contracts negotiated by Bond and Share and described in Section 69 of the stipulation permitted subsidiaries of American Gas to purchase thereunder. However, few purchases were made by subsidiaries of American Gas under the General Electric contract or under such other volume contracts.

Subsidiary Companies, for use only of said companies, electrical apparatus and supplies, including steam turbines and adjuncts thereto, and including turbine or motor-driven centrifugal exhausters and compressers, manufactured by the General Company (but excluding incandescent lamps), required by the Bond and Share Company and the Subsidiary Companies for its and their business of central station lighting or for other purposes for cash or on such other terms as may be agreed upon at the lowest current prices to its most favored customers purchasing in like quantities and under similar conditions. The prices, terms and other conditions applying to various classes of supplies furnished by the General Company under this agreement, shall be as set forth in the riders, schedules or subsidiary agreement which are or which shall hereafter be attached to and made a part of this agreement. 4819 4820

SECOND: The Bond and Share Company agrees to cause to be purchased from the General Company such electrical apparatus, supplies and turbines required by it or by the Subsidiary Companies in its or their business of Central Station lighting or for other purposes. 4821

THIRD: In consideration of the performance on the part of the Bond & Share Company of its covenants herein contained, the General Company agrees to defend at its own expense any and all suits or proceedings that may be instituted against the Bond & Share Company or any of the Subsidiary Companies for the infringement or alleged

infringements of any patent or patents by use of
4822 any of said apparatus provided such infringement shall consist in the use by the Bond and Share Company or any of the Subsidiary Companies in the regular course of its or their business of said apparatus or parts thereof.

The Bond and Share Company covenants that notice shall be given to the General Company in writing of the institution of any such suit or proceeding as soon as practicable after the institution thereof and that the General Company shall be permitted through its counsel to defend the same and that it will give all needed assistance and
4823 authority to enable the General Company so to do, and thereupon in case of an award of damages the General Company will pay such award and in case of injunction will pay the Bond and Share Company or any of the Subsidiary Companies any loss or damage to its or their business because of such infringement.

FOURTH: This agreement may be terminated by either party upon six months' notice in writing to the other. In case of such termination, all
4824 subsidiary agreements made pursuant hereto shall likewise terminate, but in that event rebates upon purchases for the current year shall be paid at rates provided for in said subsidiary agreements, said rates to be determined by the estimated purchases for the entire year estimated upon the average monthly purchases up to the termination of the agreement.

Exhibit 87

FIFTH: "Apparatus" as herein used shall include all electrical machines, articles, devices, and all appliances now necessary or proper including any steam turbines and adjuncts hereto, for use in central station electric lighting or for other purposes, and the generation of electric current for the purposes of central station electric lighting or for other purposes. 4825

SIXTH: It is further agreed that the terms of this agreement and of the riders, schedules or subsidiary agreements which are, or which shall hereafter, be attached to or made a part of this agreement, shall apply to all companies not enumerated in attached schedule in which the Bond and Share Company shall obtain ownership or a controlling or operating interest (providing the General Company shall be free to sell to such company); and the Bond and Share Company agrees to promptly notify the General Company in case they acquire ownership or a controlling or operating interest in any company not enumerated in attached Schedule. 4826

It is also agreed that if at any time by reason of change of interest, ownership or control the Bond and Share Company shall be unable to control the purchases of equipment by any of the Subsidiary Companies due notice shall be given the General Company and this agreement shall no longer be applicable to said subsidiary company. 4827

SEVENTH: It is further agreed that, by reason of the acceptance of this agreement by the Bond and Share Company, all other agreements now in force with the General Company covering those

supplies which are also covered in the riders or
4828 agreements, subsidiary to this agreement, be cancelled.

IN WITNESS WHEREOF, the parties have caused these presents to be sealed by their respective corporate seals and the same to be signed and attested by their officers dul yauthorized the day and year first above written.

GENERAL ELECTRIC COMPANY

Attest:

4829 M. F. Westover,
Secretary

By J. R. Lovejoy,
Vice-President

ELECTRIC BOND AND SHARE COMPANY

Attest:

A. E. Smith
Asst. Secretary

By F. G. Sykes
Vice-President

4830

Exhibit 88

CONTRACT WITH GENERAL ELECTRIC COMPANY (IN EFFECT IN 1936)

4831

SALE AND PURCHASE AGREEMENT

THIS AGREEMENT, dated this 2nd day of January, 1933, by and between GENERAL ELECTRIC COMPANY, a corporation of the State of New York (hereinafter called the "General Company") and ELECTRIC BOND AND SHARE COMPANY, a corporation of the State of New York (hereinafter called "Bond and Share Company"),

4832

WITNESSETH, That

WHEREAS, the General Company is engaged in the manufacture and sale of electrical and other apparatus, equipment and supplies and desires to sell such apparatus, equipment and supplies, subject to the terms and conditions hereof, to a group of companies, in which the Bond and Share Company has a substantial financial interest and which receive supervisory and general or special services from the Bond and Share Company, listed in the schedule attached hereto and made a part hereof (the companies so listed being hereinafter called "Client Companies");

4833

NOW, THEREFORE, in consideration of the premises and of the covenants hereinafter contained, the parties hereto agree as follows:

FIRST: The General Company agrees to furnish to the Client Companies, for use in meeting the

service requirements of such companies, electrical
4834 and other apparatus, equipment and supplies (hereinafter called the "apparatus") manufactured or sold by the General Company (but excluding electric lamps and such other appliances, equipment or supplies, as to which the General Company has or shall have a special distribution plan or policy) for cash or on such other terms as may be agreed upon, at the lowest current prices to any of its customers purchasing in like quantities and under similar conditions. The riders and schedules which are, or which shall hereafter be, attached to and made a part of this agreement, state the prices,
4835 discounts, quantity discounts and terms of payment which shall apply to the sale of equipment of the particular classes described in said riders or schedules, it being understood that the aggregate purchases made by all of the Client Companies under a particular schedule or schedules, whether made directly from the General Company or from International General Electric Company, Inc. or from other subsidiary companies whenever practices established by the General Company with any such subsidiary permit, shall
4836 determine the volume of purchases used in establishing the rate of quantity discount, if any, provided for in such schedule or schedules.

SECOND: The terms of this agreement and of the riders and schedules which are or may be attached hereto shall apply, from the date of notice by Bond and Share Company to the General Company, to any additional company which shall become entitled to be listed hereunder as a Client

Company, provided such terms will not conflict with any existing obligation of the General Company or of such additional Client Company. Quantity discounts and purchases by such additional Client Companies shall apply from date of notice to the General Company of the addition of such company or companies to the list of Client Companies. If any Client Company so listed ceases to be a Client Company of Bond and Share Company, this agreement shall forthwith cease to be applicable to such Client Company and thereafter such former Client Company shall not be entitled to any of the discounts provided hereunder. If any such company so listed shall cease to be a Client Company during the existence of this agreement, Bond and Share Company will promptly notify the General Company of the change in status of such former Client Company. It is understood that purchases under this agreement shall be made on separate written orders issued from time to time by or on behalf of the Client Companies. All such purchases, unless the orders therefore shall contain express provisions to the contrary, shall be deemed to be made under this agreement and all the provisions and benefits of this agreement shall apply to such purchases. 4837 4838 4839

THIRD: General Company warrants that all apparatus furnished under this agreement shall be free from defects either in design, material or workmanship and shall be suited in all respects both for the particular purposes for which it may be sold and for all other uses for which it may be represented by the General Company to be suited.

The General Company also warrants the success-
4840 ful operation of all such apparatus; provided that the General Company shall not be required to correct any defects in material or workmanship which may appear in such apparatus after the first year of actual service, such service to begin within a reasonable time after the delivery of said apparatus. The warranties contained in this paragraph are in addition to any and all warranties arising by operation of law out of the sales of such apparatus and nothing herein contained shall be construed as limiting or restricting such warranties, except the foregoing limitation of the time within
4841 which the General Company shall be required to correct defects in material or workmanship.

FOURTH: General Company warrants that it or its controlled company will have title to all apparatus furnished hereunder and the right to sell such apparatus. General Company shall, at its own expense, defend any suit or proceeding brought against any of the Client Companies (or against Bond and Share Company if that Company is made a party to such suit or proceeding), so far as said suit or proceeding is based on a claim that
4842 any apparatus, or any part thereof, or any use thereof in the reasonable contemplation of the parties at the time of its purchase, furnished under this contract constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information and assistance (at General Company's expense) for the defense of same, and General Company shall pay all damages and costs awarded therein against any

such Client Company (or Bond and Share Company). In case the apparatus or any part thereof 4843
or any use thereof in the reasonable contemplation of the parties at the time of its purchase is in such suit held to constitute infringement and its use is enjoined, the General Company shall, promptly and at its own expense, either: procure for the Client Company interested the right to continue using said apparatus; or replace same with non-infringing apparatus satisfactory to the Client Company interested; or modify it, in a way satisfactory to the Client Company interested, so it becomes non-infringing; or, if none of the foregoing 4844
steps are reasonably feasible, remove said apparatus and refund the purchase price and the transportation and installation costs thereof. The foregoing states the entire liability of the General Company for patent infringement by said apparatus or any part or use thereof.

FIFTH: This agreement may be terminated by either party upon three months notice in writing to the other. In case of such termination all subsidiary agreements made pursuant hereto shall likewise terminate, but in that event annual quantity 4845
discounts on purchases made, under schedules permitting such discounts, between the first day of the current calendar year and the date of termination, shall be computed as if the annual rate of purchases, used to determine the discount, were twelve times the average monthly amount of purchases during the then current calendar year. In case any particular schedule or schedules shall be altered, annual quantity discounts provided for

therein shall not be changed during any annual
4846 period covered by such schedule or schedules, except with the consent of Bond and Share Company.

SIXTH: It is understood that General Company shall look solely to the Client Company by or on behalf of which apparatus shall have been purchased hereunder for payment of the purchase price of such apparatus, it being understood that the Bond and Share Company shall not be liable in any way, either as agent or otherwise, for the payment of the purchase price of such apparatus purchased by or for such Client Company or for
4847 any other obligation of such Client Company arising either hereunder or under any oral or written order for such apparatus.

SEVENTH: It is further agreed that, by reason of the acceptance of this agreement by the Bond and Share Company, all other agreements now in force between the General Company and the Bond and Share Company covering apparatus, equipment or supplies which are also covered by the riders or schedules attached to this agreement shall be and hereby are cancelled.
4848

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized.

Exhibit 88

GENERAL ELECTRIC COMPANY

4849

Attest:
A. K. Willey
Asst. Secretary

By M. O. Troy, Manager,
Central Station Dept.

ELECTRIC BOND AND SHARE COMPANY

Attest:
E. P. Summerson
Secretary

By L. H. Parkhurst,
Vice-President

NOTE: Effective November 25, 1935, ELECTRIC BOND AND SHARE COMPANY assigned all rights provided for in this Sale and Purchase Agreement to EBASCO SERVICES INCORPORATED. 4850

PURCHASE AGREEMENT

General Index

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4851

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	Transportation Supplies Schedule	9000

Supersedes issue dated May 1, 1933.

4853

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*These schedules are included in part in this exhibit.

4854

Exhibit 88

WATTHOUR METERS

4855

This Schedule includes single and polyphase A-c. Watthour Meters, D-c. Watthour Meters and Watthour Demand Meters.

Repair and renewal parts for the above Meters are not included in this Schedule.

Billing Discounts

The billing discounts from list prices applying to material included in this Schedule will be:

4856

Alternating-current Watthour Meters	50-10 per cent
*Watthour Demand Meters ...	50-10 per cent

*For description and list prices on Watthour Demand Meters, refer to Section 6180.

The additional 10 per cent discount shown above represents quantity discount allowed at time of billing.

For Delivery Authorizations, refer to Section 6100 (PA) Page 15.

Prices and discounts in this Schedule are subject to change without notice. 4857

Supersedes Page 7 dated Jan. 2, 1934.

WATTHOUR METERS

Delivery Authorizations

Watthour Meters will be sold on the basis of the Purchaser paying the transportation charges from the authorized delivery points nearest destination.

Exhibit 88

4859 These delivery points are grouped as follows, with prices and additions for transportation applying to each group as shown:

GROUP A DELIVERY POINTS—Use established list prices and billing discounts. Make no price addition for transportation to the delivery point.

Atlanta, Ga.	Detroit, Michigan	New York, N. Y.
Baltimore, Md.	Ft. Wayne, Indiana	Omaha, Nebr.
	Huntington, W. Va.	Philadelphia, Pa.
Boston, Mass.	Indianapolis, Ind.	Pittsburgh, Pa.
4858 Buffalo, N. Y.	Jacksonville, Fla.	Richmond, Va.
Charleston, W. Va.	Kansas City, Mo.	Rochester, N. Y.
Charlotte, N. C.	Lynn, Mass.	St. Louis, Mo.
Chicago, Illinois	Memphis, Tenn.	St. Paul, Minn.
Cincinnati, Ohio	Miami, Florida	Schenectady, N. Y.
Cleveland, Ohio	Milwaukee, Wisc.	Syracuse, N. Y.
Columbus, Ohio	Minneapolis, Minn.	Tampa, Fla.
Davenport, Iowa	Newark, N. J.	Utica, N. Y.
Des Moines, Iowa	New Orleans, La.	

GROUP B DELIVERY POINTS—Use established list prices and billing discounts. Make a net
4860 addition equal to ¾ of 1% of the list price applying, to cover transportation to the delivery point.

Dallas, Texas	Los Angeles, Calif.	Portland, Oregon
Denver, Colorado	Oakland, California	San Francisco, Calif.
Houston, Texas	Oklahoma City, Okla.	Seattle, Washington

Exhibit 88

GROUP C DELIVERY POINTS—Use established list prices and billing discounts. Make a net addition equal to 1% of the list price applying, to cover transportation to the delivery point. 4861

Butte, Montana
El Paso, Texas
Phoenix, Arizona
Salt Lake City, Utah
Spokane, Wash.

Application

All meters are sold f.o.b. point of shipment. When the Purchaser pays the transportation charges from some point other than the point of shipment, transportation charges will be prepaid to destination and the Purchaser billed the normal transportation charges from the authorized delivery point nearest to the destination, regardless of the point of shipment. 4862

This authorization is based on shipment being made in the normal manner, as determined by the General Company's Traffic Department. When the Purchaser specifies that shipment is to be made in other than the normal manner, any additional transportation expense incurred because of such special shipment will also be borne by the Purchaser. 4863

Supersedes issue dated Sept. 25, 1931.

SCHEDULE ON MOTORS AND CONTROL

The multiplier included in the Motor and Control Schedule of this Agreement is established with

the understanding that the Central Station Com-
4864 panies purchasing hereunder will exploit faithfully and diligently the sale of Motors and Control equipment of the General Company's manufacture for use on service and transmission lines of systems owned, controlled or operated by them. In addition, as specified in the main Agreement, Central Station Companies may purchase Motors and Control Equipment under this Schedule for their own use.

The above is issued for the purpose of removing a possible misunderstanding of the first paragraph of the main Agreement as applied to this Schedule.

4865 Schedule J

PA-All H. C. except LL

MOTORS AND CONTROL MATERIAL

This Schedule covers:

General Purpose Stationary Motors and Accessories in sizes 200 hp. and smaller (including both Fractional and Integral hp. sizes).

4866

Induction Motor Generator Sets up to 150 kw. inclusive.

Belted D-c. Generators and Exciters up to 150 kw. inclusive.

Industrial control, whether sold with or separately from the motor or generator for which intended.

Type FK-20 Oil Circuit Breakers, whether sold with or separately from motors. 4867

Mechanical accessories including Pulleys, Bases, Couplings, Belt Tightener and Back Geared Attachments whether sold with or separately from the motor for which intended.

The following material is NOT sold under the terms of this Schedule but prices thereon may be obtained on application to the General Company:

Motors in sizes 201 hp. and larger. Type BTA Motors. 4868

Fabroil and Textolite Gears and Pinions.

Motor Repair and Renewal Parts.

Reversing Equipments for Planers and Slotters including Electric Feed Equipments.

Frequency Changers and Frequency Changer Sets for high-speed motor-driven tools.

PRICES AND DISCOUNTS

Book prices are published in the General Company's Industrial Equipment Price Book and Control Price Book. 4869

Net prices under this schedule will be determined by applying the following multiplier to published book prices:

Multiplier 0.795

Prices are subject to change at any time by the General Company but in the event of such change

the Purchaser and Associated Companies shall be
4870 promptly notified.

Full payments shall be made not later than thirty (30) days from date of each invoice respectively. Accounts not paid within the 30 days period shall be considered delinquent.

Supersedes issue dated Jan. 1, 1930.

MOTORS AND CONTROL DELIVERIES

General Conditions

4871

The general intent of the General Company under the provisions herein outlined is only to absorb the cost of freight transportation to the extent indicated and not to guarantee delivery at or to destination. Hence, all prices are quoted f.o.b. point of manufacture with freight prepaid as stated.

Apparatus Covered

All motors and/or industrial control rated 200 hp. and smaller both fractional and integral horse-
4872 power sizes including mechanical accessories when purchased with motor for which intended, also induction motor-generator sets and synchronous motor-generator sets, 150 kw. and smaller, and belted d-c. generators and exciters, 150 kw. and smaller.

Exhibit 88

Exceptions

4873

The following list of material is hereby specifically excluded from the class of apparatus covered, viz:

Battery-charging motor-generator sets.
Low-speed synchronous motors and their derivatives.
Renewal Parts.
Mechanical accessories purchased separately.

Freight Deliveries

4874

The General Company will prepay freight and bear the charges to all railroad freight stations within the confines of the United States, the method and route of shipment to be left to the discretion of the General Company. Where the Purchaser specifies that shipment be made other than by the method and route of shipment prescribed by the General Company, the additional expense incurred will be borne by the Purchaser.

When destination is reached either by boat or by rail, shipment will be made at the discretion of the General Company with no extra charge to the Purchaser.

4875

If destination is a boat stop only, shipment will be made collect at the Purchaser's expense.

Express, Truck and Parcel Post Deliveries

At the General Company's option, shipments may be made by express, truck or parcel post prepaid in lieu of freight. When deliveries are made to the Purchaser's premises by express or by truck at the

General Company's option, the Purchaser will be
4876 billed with cartage at the prevailing local rate from the freight station nearest Purchaser's premises. Where the prevailing local cartage rate cannot be determined, an arbitrary charge of 25 cents per cwt. with a minimum charge of 50 cents will be made. If the Purchaser objects to such charge, shipment will be made by freight prepaid.

MOTORS AND CONTROL DELIVERIES

Express, Truck and Parcel Post Deliveries

4877

When deliveries are made by express or truck at Purchaser's request, the additional expense incurred as compared with freight shipments as made under the foregoing paragraph of this section will be borne by the Purchaser, such additional charge under no circumstances to be less than cartage at the prevailing local rate from the freight station nearest Purchaser's premises. This additional minimum charge will be made even though it exceeds the difference between express (or truck) and freight expense as Purchaser obtains delivery
4878 to his premises.

If shipment is accepted by the Purchaser at one destination and reforwarded by him, the reforwarding will be at the Purchaser's expense.

No allowance will be made in lieu of freight or cartage if Purchaser accepts shipment at factory, warehouse, or railroad freight station.

Exhibit 88

Cartage Charges

4879

Cartage charges will be prepaid and borne by the General Company on deliveries from warehouses or railroad freight stations to Purchaser's premises (store door delivery) within the corporate limits of the following cities only:

Atlanta, Ga.	Houston, Texas	Philadelphia, Pa.
Boston, Mass.	Kansas City, Mo.	Pittsburgh, Pa.
Chicago, Illinois	Los Angeles, Cal.	Portland, Ore.
Cincinnati, Ohio	Milwaukee, Wisc.	St. Louis, Mo.
Cleveland, Ohio	Minneapolis, Minn.	St. Paul, Minn.
Dallas, Texas	New York, N. Y.	San Francisco, Cal.
Detroit, Mich.	(Including Bronx, Brooklyn, Queens, and Richmond)	Seattle, Washington

4880

Cartage charges will also be prepaid as above to Purchasers premises, (store door delivery) providing they are located in suburbs directly adjoining these cities.

This Schedule may be cancelled by either party at any time by written notice. In event of cancellation, any uncompleted business originating hereunder shall be consummated on the same basis and terms as if this Schedule were continuing.

4881

Exhibit 89

CONTRACT WITH WESTINGHOUSE COMPANY (IN EFFECT IN 1936)

4882

Sale and Purchase Agreement

THIS AGREEMENT, dated this 2nd day of January, 1934 by and between WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY, a corporation of the State of Pennsylvania (hereinafter called "Westinghouse"), and ELECTRIC BOND AND SHARE COMPANY, a corporation of the State of New York (hereinafter called "Bond and Share Company").

4883

W I T N E S S E T H, That

WHEREAS, Westinghouse is engaged in the manufacture and sale of electrical and other apparatus, equipment and supplies and desires to sell such apparatus, equipment and supplies, subject to the terms and conditions hereof, to a group of companies, in which the Bond and Share Company has a substantial financial interest and which receive supervisory and general or special services from the Bond and Share Company, listed in the

4884

schedule attached hereto and made a part hereof (the companies so listed being hereinafter called "Client Companies");

NOW, THEREFORE, in consideration of the premises and of the covenants hereinafter contained, the parties hereto agree as follows:

FIRST: Westinghouse agrees to furnish to the Client Companies, for use in meeting the service

requirements of such companies, electrical and other apparatus, equipment and supplies (hereinafter called the "apparatus") manufactured or sold by Westinghouse (but excluding electric lamps and such other appliances, equipment or supplies, as to which Westinghouse has or shall have a special distribution plan or policy) for cash or on such other terms as may be agreed upon, at the lowest current prices to any of its customers purchasing in like quantities and under similar conditions. The riders and schedules which are, or which shall hereafter be, attached to and made a part of this agreement, state the prices, discounts, quantity discounts and terms of payment which shall apply to the sale of equipment of the particular classes described in said riders or schedules, it being understood that the aggregate purchases made by all of the Client Companies under a particular schedule or schedules, whether made directly from Westinghouse or from the Westinghouse Electric International Company whenever practices established by Westinghouse with that subsidiary permit, shall determine the volume of purchases used in establishing the rate of quantity discount, if any, provided for in such schedule or schedules. 4885 4886 4887

SECOND: The terms of this agreement and of the riders and schedules which are or may be attached hereto shall apply, from the date of notice by Bond and Share Company to Westinghouse, to any additional company which shall become entitled to be listed hereunder as a Client Company, provided such terms will not conflict with any existing obli-

gation of Westinghouse or of such additional Client
4888 Company. Quantity discounts and purchases by such additional Client companies shall apply from date of notice to Westinghouse of the addition of such company or companies to the list of Client Companies. If any Client Company so listed ceases to be a Client Company of Bond and Share Company, this agreement shall forthwith cease to be applicable to such Client Company and thereafter such former Client Company shall not be entitled to any of the discounts provided hereunder. If any such company so listed shall cease to be a Client Company during the existence of this agreement,
4889 Bond and Share Company will promptly notify Westinghouse of the change in status of such former Client Company. It is understood that purchases under this agreement shall be made on separate written orders issued from time to time by or on behalf of the Client Companies. All such purchases, unless the orders therefor shall contain express provisions to the contrary, shall be deemed to be made under this agreement and all the provisions and benefits of this agreement shall apply to such purchases.

4890 THIRD: Westinghouse warrants that all apparatus furnished under this agreement shall be free from defects either in design, material or workmanship and shall be suited in all respects both for the particular purposes for which it may be sold and for all other uses for which it may be represented by Westinghouse to be suited. Westinghouse also warrants the successful operation of all such apparatus; provided that Westinghouse shall

not be required to correct any defects in material or workmanship which may appear in such apparatus after the first year of actual service, such service to begin within a reasonable time after the delivery of said apparatus. The warranties contained in this paragraph are in addition to any and all warranties arising by operation of law out of the sales of such apparatus and nothing herein contained shall be construed as limiting or restricting such warranties, except the foregoing limitation of the time within which Westinghouse shall be required to correct defects in material or workmanship. 4891

FOURTH: Westinghouse shall not be liable for loss, damage, detention, or delay resulting from causes beyond its reasonable control or caused by fire, strike, civil or military authority, insurrection or riot, embargoes, car shortages, wrecks or delays in transportation. Westinghouse shall not in any event be liable for consequential damages resulting directly or indirectly from any cause in this paragraph FOURTH specified. 4892

FIFTH: Westinghouse warrants that it or its controlled company will have title to all apparatus furnished hereunder and the right to sell such apparatus. Westinghouse shall, at its own expense, defend any suit or proceeding brought against any of the Client Companies (or against Bond and Share Company if that Company is made a party to such suit or proceeding), so far as said suit or proceeding is based on a claim that any apparatus, or any part thereof, or any use thereof in the reason- 4893

able contemplation of the parties at the time of its
4894 purchase, furnished under this contract constitutes an infringement of any patent of the United States, if notified, promptly in writing and given authority, information and assistance (at Westinghouse's expense) for the defense of same, and Westinghouse shall pay all damages and costs awarded therein against any such Client Company (or Bond and Share Company). In case the apparatus or any part thereof or any use thereof in the reasonable contemplation of the parties at the time of its purchase is in such suit held to constitute infringement and its use is enjoined, Westinghouse shall,
4895 promptly and at its own expense, either; procure for the Client Company interested the right to continue using said apparatus; or replace same with non-infringing apparatus satisfactory to the Client Company interested; or modify it, in a way satisfactory to the Client Company interested, so it becomes non-infringing; or, if none of the foregoing steps are reasonably feasible, remove said apparatus and refund the purchase price and the transportation and installation costs thereof. The foregoing states the entire liability of Westinghouse for patent
4896 infringement by said apparatus or any part or use thereof.

SIXTH: This agreement may be terminated by either party upon 30 days notice in writing to the other. In case of such termination all subsidiary agreements made pursuant hereto shall likewise terminate, but in that event annual quantity discounts on purchases made, under schedules permitting such discounts, between the first day of

the current calendar year and the date of termination, shall be computed as if the annual rate of 4897
purchases, used to determine the discount, were twelve times the average monthly amount of purchases during the then current calendar year. In case any particular schedule or schedules shall be altered, annual quantity discounts provided for therein shall not be changed during any annual period covered by such schedule or schedules, except with the consent of Bond and Share Company.

SEVENTH: It is understood that Westinghouse shall look solely to the Client Company by or on 4898
behalf of which apparatus shall have been purchased hereunder for payment of the purchase price of such apparatus, it being understood that neither the Bond and Share Compnay nor any of its wholly-owned subsidiaries acting as agent shall be liable in any way, either as agent or otherwise, for the payment of the purchase price of such apparatus purchased by or for such Client Company or for any other obligation of such Client Company arising either hereunder or under any oral or written order 4899
for such apparatus.

EIGHTH: It is further agreed that, by reason of the acceptance of this agreement by the Bond and Share Company, all other agreements now in force between Westinghouse and the Bond and Share Company covering apparatus, equipment or supplies which are also covered by the riders or schedules attached to this agreement shall be and hereby are cancelled.

Exhibit 89

4900 IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
By T. R. Langan, Manager Eastern District.

Attest: M. Blackwell

4901 ELECTRIC BOND AND SHARE COMPANY
By L. H. Parkhurst, Vice President

Attest: E. P. Summerson,
Secretary

(Two schedules of this contract are printed in part in this exhibit as follows.)

4902

Exhibit 89

Supersedes Issue

CONTRACT DISCOUNT SHEET 42-012

Dated June 25, 1934

Effective December 2, 1935

WATTHOUR AND DEMAND METERS AND IMPULSE TYPE TOTALIZING METERING EQUIPMENT

For 1931-32 Gen. Cat. Secs. 216-A and B, Catalog 42 and Price and Data Supp.	Apparatus	Disc.	Mult.
42-020			
42-110	CS Detachable Watthour Meters (except sockets and armor parts)		
[1]42-210	CS-5 Detachable Watthour Meters (except sockets and armor parts)		
42-105	OC Watthour Meters		
42-108	OC Detachable Watthour Meters		
[1]42-125	CA Watthour Meters		
216-A, Page 398	OB Two Element Network Meters	25.7 and 10%	.668
[1]42-135	C-2, C-3, C-5, C-7, C-8, C-9, C-10, C-11, C-13 Watthour Meters		
To be superseded by 42-215			
42-020	Watthour and Demand Meters		
	Accessories for Watthour and Demand Meters		
[1]42-520	Impulse Totalizing Metering Equipment and Contact Devices		
[1]42-315	RW and RL Demand Attachments with Glass Covers Sold Separately	33-1/3%	.666
42-020 216-B Pages 418-419	OB Three-Element Switchboard Watthour Meters Switchboard Type Watthour Meters	36.5 %	.635
42-110	Type S Meter Sockets	54.3 %	.457
	Cover Plate, Test Jack and Accessories		
42-110	Type S Armour Mounting Sets of Parts:		
	Lots of 999 or less per order	19 %	.81
	Lots of 1000 to 4999 per order	25.7 %	.743
	Lots of 5000 and over per order	32.5 %	.675
[1]42-145	CP Portable Standards and their Accessories	30 %	.70
To be superseded by 42-645			

Page Cut

[1] In consideration of discounts quoted herein the purchaser agrees

Exhibit 89

Supersedes

Issue *CENTRAL STATION DISCOUNT SHEET* 208

Dated March 25, 1935 *Effective December 18, 193*

INDUSTRIAL MOTORS AND CONTROLLERS

(Original Buyers Only)

(Applies to Apparatus listed on Index 2030, and to Apparatus of the same general limitations as to type and size, on which special quotations have been furnished).

PRIME DISCOUNT SCHEDULE.

Prime Discount Symbol §		Per Cent Discount	Multiplier
W- 1		12(c)	.88(c)
W- 2		12(b)	.88(b)
W- 3		Net	1.00
W- 5		Net	1.00
W- 6		Net	1.00
W-31	(Less than Minimum Quantity)†	Net	1.00
	(Minimum Quantity)†	20	.80
	(Six times Minimum Quantity)†	30	.70
W-32	(Less than Minimum Quantity)†	Net	1.00
	(Minimum Quantity)†	15	.85
	(Six times Minimum Quantity)†	23	.77
W-33	(Less than Minimum Quantity)†	Net	1.00
	(Minimum Quantity)†	10	.90
	(Six times Minimum Quantity)†	15	.85
W-34	(Less than Minimum Quantity)†	Net	1.00
	(Minimum Quantity)†	5	.95
	(Six times Minimum Quantity)†	10	.90

§ These prime discount symbols are shown on the lower right-hand corner of each Price Sheet.

† Quantities apply to individual orders for individual types and not to a summation of types on an order or on an annual basis.

(b) Additional discounts per schedule 2.

(c) Additional discounts on fractional horsepower motors are shown in Table 1.

Exhibit 89

Prices and discounts are subject to change without notice

4909

TERMS

Net in 30 days.

[1] DELIVERY

Watthour and Demand Meters including Switchboard and Detachable Watthour Meters, CP Portable Standards, Bare Outer Bases for Detachable Meters, and Type S Meter Sockets.

Delivery is f.o.b. cars for certain warehouses, a net addition of one per cent of the list price is made to the net price for certain other warehouses, and a net addition of one and a half per cent of the list price is made to the net price for certain other warehouses. Consult nearest District Office for detailed information.

When shipped from other than the nearest delivery point freight will be equalized on the basis of shipment from the nearest delivery point.

[1] Express and parcel post shipments will also be equalized.

[1] Impulse Type Totalizing Metering Equipment, Contact Devices and Demand Attachments sold separate, Type S Armor Mounting Parts and Watthour Meter Accessories.

Delivery is f.o.b. Newark Works, Newark, N. J., except for Recording Demand Meter Paper which is f.o.b. East Pittsburgh, Pa. 4910

CONDITIONS

The Company will not be responsible or liable for any loss, damage, detention or delay caused by fire, strike, civil or military authority or by insurrection or riot, or by any other cause which is unavoidable or beyond its reasonable control; nor in any event for conseqential damages. 4911

[1] This sign denotes change from previous issue.

Exhibit 89

ADDITIONAL DISCOUNTS ON FRACTIONAL HORSEPOWER MOTORS

4912

Fractional Horsepower Motors—An additional discount of 10 % is allowed on firm orders amounting to $150 or more list value. This supplements the W-1 discount above and applies to the types and sizes of motors shown in Table 1 and to electrical and mechanical modifications of these motors.

TABLE 1

4913 Types CAH, FH, FY, FA and FB split phase, all frames.

Type AR repulsion start induction, 30 and 50 frames.

Type FR repulsion start induction, all frames.

Type FU repulsion induction, all frames.

Type FV repulsion, all frames.

Types CDH, SKL and FK direct-current, all frames.

Types FT, FJ and FL capacitor, all frames.

Types FS, FW and FB polyphase, all frames.

Types AD, ADS, FI, and FO universal motors

4914 and parts, all frames.

Types CF, SF, FE shaded pole and d-c. motors, all frames.

Type CR repulsion start induction of the following ratings only:

½ hp., 6 pole, 50 and 60 cycle

¾ hp., 4 pole, 50 and 60 cycle

¾ hp., 2 pole, 25 cycle

Type CS polyphase of the following ratings only:

½ hp., 6 pole, 50 and 60 cycle

¾ hp., 4 pole, 50 and 60 cycle

Exhibit 89

The additional discount on Fractional Horsepower Motors is allowed subject to the following conditions which should be made a part of the order or contract. 4915

(1) Motors may be assorted as to types and ratings, but must be limited to the sizes and types shown in Table 1.

(2) Motors in the amount (list value) of at least $150 must be taken within 90 days from the date of the initial shipment.

(3) All other terms and conditions of sale to be in accordance with the instructions contained on page 2. 4916

SCHEDULE 2

An order for the following W-2 Products only:

100 identical textile motors (excluding rayon motors) or

100 identical individual table-roll drive motors.

for shipment under the Company's shipping schedule the Company being permitted to complete shipment within 90 days following the date of the initial shipment entitles the purchaser to an additional discount of 5%. 4917

TERMS —

Terms of payment are net 30 days

Prices and discounts subject to change without notice.

General Changes since previous issue.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
East Pittsburgh, Pa.

Exhibit 90

CONSTRUCTION WORK FOR SERVICED COMPANIES
1926—1935

SCHEDULE A: COST OF CONSTRUCTION WORK PERFORMED BY SUBSIDIARY CONSTRUCTION COMPANIES OF BOND AND SHARE FOR SERVICED COMPANIES.

SCHEDULE B: COST OF CONSTRUCTION WORK SUPERVISED BY SUBSIDIARY CONSTRUCTION COMPANIES OF BOND AND SHARE FOR SERVICED COMPANIES.

SCHEDULE C: TOTAL CONSTRUCTION OF SERVICED COMPANIES.

(opposite page)

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PAGE

Exhibit 90

SCHEDULE A

COST OF CONSTRUCTION WORK PERFORMED BY SUBSIDIARY CONSTRUCTION COMPANIES OF BOND AND SHARE FOR SERVICED COMPANIES

(See note 1 on following page)

Name of Owner Company	Location	1926	1927	1928	1929	1930	1931	1932	1933
Arkansas Power & Light Co.	Pine Bluff, Ark.	$ 393,305.64	$ 741,394.96	$ 2,333,587.69	$ 3,554,115.12	$ 2,723,532.18	$ 1,395,488.02	$ 101,878.07	$ —
Birmingham Electric Co.	Birmingham, Ala.	—	—	—	—	457,674.37	191,040.76	43,608.58	—
Carolina Power & Light Co.	Raleigh, N. C.	599,439.03	3,232,474.07	4,180,093.20	4,326,307.60	1,680,404.11	179,622.29	6,302.69	—
Central Arizona Light & Power Co.	Phoenix, Ariz.	—	—	—	497,108.63	1,346,986.43	—	—	—
Dallas Power & Light Co.	Dallas, Texas	931,683.25	1,099,035.00	—	1,620,561.53	485,627.47	758,147.47	*4,230.82*(a)	—
Florida Power & Light Co.	Miami, Fla.	23,580,350.13	6,662,982.72	524,003.75	181,301.12	64,475.20	39,749.66	10,799.99	—
Utilities Land Co.	Miami, Fla.	74,156.58	34,866.31	4,208.87	—	—	—	—	—
Holston River Electric Co.	Knoxville, Tenn.	—	—	—	—	11,828.24	9,939.07	309.01	—
Houston Lighting & Power Co.	Houston, Texas	352,813.25	1,809,198.00	2,135,477.06	608,391.72	2,561,459.68	1,578,642.75	349,269.64	—
Idaho Power Co.	Boise, Idaho	—	1,715,637.19	—	—	88,292.76	361,247.80	—	—
Kansas Gas & Electric Co.	Wichita, Kansas	5,652.46	1,053,853.25	969,999.89	—	553,424.52	342,207.05	106,266.90	—
Louisiana Power & Light Co.	Algiers, La.	—	26,157.10	656,025.20	1,128,951.15	1,829,701.50	1,000,563.24	102,097.58	—
Memphis Power & Light Co.	Memphis, Tenn.	88,083.37	478,261.44	79,729.09	430,826.61	493,461.16	354,613.98	78,519.98	—
Minnesota Power & Light Co.	Duluth, Minn.	—	—	—	—	1,975,128.74	461,474.54	—	—
Mississippi Power & Light Co.	Jackson, Miss.	—	797,837.87	1,568,909.39	1,139,172.29	1,582,810.52	435,735.49	55,720.76	—
Montana Power Co. (The)	Butte, Mont.	—	—	—	3,384,959.23	877,719.86	2,847,388.03	165,501.44	—
Montana Power Gas Co.	Butte, Mont.	—	—	—	—	—	2,182,370.40	173,545.68	—
Nebraska Power Co.	Omaha, Neb.	39,505.50	—	—	818,869.48	661,960.06	—	—	—
New Orleans Public Service Co.	New Orleans, La.	994,240.95	2,983,980.75	61,314.25	—	—	—	—	—
Northwestern Electric Co.	Portland, Ore.	—	—	—	—	—	—	173,707.04	—
Pacific Power & Light Co.	Portland, Ore.	247,827.59	450,712.02	336,051.70	455,348.39	4,543,937.47	2,036,966.24	—	—
Pennsylvania Power & Light Co.	Allentown, Pa.	5,001,487.47	4,177,180.58	3,306,795.66	3,850,092.62	3,553,712.51	2,821,864.16	627,953.94	—
Roanoke River Power Co.	Raleigh, N. C.	—	—	—	—	9,400.51	—	—	—
Tennessee Public Service Co.	Knoxville, Tenn.	37,849.86	1,112,194.41	*14,059.90*(a)	—	1,174,943.12	170,421.63	78,967.73	—
Texas Electric Service Co.	Ft. Worth, Texas	—	392,845.05	1,001,344.90	—	—	71,671.17	183,728.72	—
Texas Power & Light Co.	Dallas, Texas	2,698,063.00	—	—	—	2,592,638.30	1,543,641.19	161,047.52	—
Texas Public Utilities Corp.	Dallas, Texas	—	—	—	—	—	47,650.26	97,765.40	—
United Gas Public Service Co.	Houston, Texas	—	—	—	—	2,690,109.49	4,641,243.03	160,685.97	210,884.72
Utah Power & Light Co.	Salt Lake City, Utah	2,135,129.53	976,101.83	391,747.40	1,297,172.04	515,920.20	112,674.92	—	—
The Washington Water Power Co.	Spokane, Wash.	—	—	—	—	909,644.23	302,710.02	60,403.28	—
West Tennessee Power & Light Co.	Jackson, Tenn.	59,686.40	88,187.11	269,984.22	—	41,429.36	300,985.55	11,965.96	—
Pike Rapids Power Co.	Duluth, Minn.	—	—	—	—	85,767.75	—	—	—
Total		$37,239,274.01	$27,832,899.66	$17,805,212.37	$23,293,177.53	$33,511,989.74	$24,188,058.72	$ 2,745,815.06	$ 210,884.72

a. Represents credit to the operating company resulting from salvage of equipment used in the course of construction work.

1934	1935	Total
$ —	$ —	$ 11,243,301.68
—	—	692,323.71
—	—	14,204,642.99
—	—	1,844,095.06
—	—	4,890,823.90
—	—	31,063,662.57
—	—	113,231.76
—	—	22,076.32
—	—	9,395,252.10
—	—	2,165,177.75
—	—	3,031,404.07
—	—	4,743,495.77
—	—	2,003,495.63
—	—	2,436,603.28
—	—	5,580,186.32
—	—	7,275,568.56
—	—	2,355,916.08
—	—	1,520,335.04
—	—	4,039,535.95
—	—	173,707.04
—	—	8,070,843.41
—	—	23,339,086.94
—	—	9,400.51
—	—	2,560,316.85
—	—	1,649,589.84
—	—	6,995,390.01
—	—	145,415.66
560,191.56	628,028.34	8,891,143.11
—	—	5,428,745.92
—	—	1,272,757.53
—	—	772,238.60
—	—	85,767.75
$ 560,191.56	$ 628,028.34	$168,015,531.71

Exhibit 90

4924

CONSTRUCTION WORK FOR SERVICED COMPANIES

1926—1935

4925

SCHEDULE A—*Continued*

(opposite page)

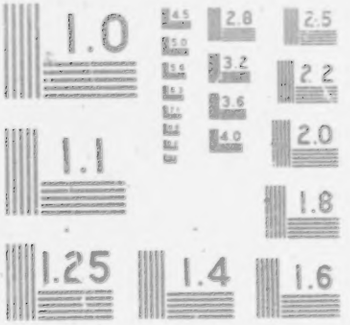
4926

MICRO CARD
TRADE MARK ®

MICROCARD EDITIONS, INC.
PUBLISHER OF ORIGINAL AND REPRINT MATERIALS ON MICROCARD AND MICROFICHE
901 TWENTY-SIXTH STREET, N.W., WASHINGTON, D.C. 20037, PHONE (202) 333-6393

microcard

CARD 35



1. The cost of construction work shown in the schedules of this exhibit includes the following expenditures:

1. The cost (after salvage) of all materials, equipment, supplies, tools, buildings, construction plant and other auxiliary equipment including rentals paid for the same and also the cost of all labor, expenses of securing and maintaining the same, and other expenses incidental thereto.

2. The cost of the services of construction managers or superintendents and their assistants, engineers, accountants and such other forces as the construction company maintained on or in connection with the work including all incidental, traveling and living expenses and the cost and expenses of establishing, conducting and maintaining such local field offices as were required.

3. The cost of any other services required wherever and by whomsoever rendered including any traveling, living and incidental

Exhibit 90 (Continued)

expenses incurred, exclusive of the cost of services of officers and all administrative, accounting and engineering services in the construction company's office in New York.

4. All payments to subcontractors for work done under the supervision of the construction company.

5. The cost of fire, liability and other insurance and of indemnity bonds and all disbursements and costs of any kind paid or incurred by the construction company in the performance of its services under the contracts.

6. All outstanding commitments made or liabilities incurred by the construction company up to the time of settlement with the client company.

7. The cost or market value of all equipment, materials and supplies provided by the client company for the contract work.

Exhibit 90

4930

CONSTRUCTION WORK FOR SERVICED COMPANIES

4931

1926—1935

SCHEDULE B

(opposite page)

4932

Exhibit 90 (Continued)

SCHEDULE B

COST OF CONSTRUCTION WORK SUPERVISED BY SUBSIDIARY CONSTRUCTION COMPANIES OF BOND AND SHARE FOR SERVICED OPERATING COMPANIES 1926—1935

(See note 1, Schedule A.)

Name of Owner Company	Location	1926	1927	1928	1929	1930	1931	1932	1933
Carolina Power & Light Co.	Raleigh, N. C.	$ 431,575.36	$ 2,187,605.11	$ 556,211.44	$ —	$ —	$ —	$ —	$ —
Montana Power Gas Co.	Butte, Mont.	—	—	—	—	—	4,802,051.28	16,499.07	—
Pacific Power & Light Co.	Portland, Ore.	736,946.99	871,204.30	269,018.39	—	—	—	—	—
United Gas Public Service Co.	Houston, Texas	—	—	—	—	4,458,143.54	1,544,872.55	*4,049.16*(a)	—
Total		$ 1,168,522.35	$ 3,058,809.41	$ 825,229.83	—	$ 4,458,143.54	$ 6,346,923.83	$ 12,449.91	—

a. Represents credit to the operating company resulting from salvage of equipment used in the course of construction work.

SHARE FOR

1933	1934	1935	Total
$ —	$ —	$ —	$ 3,175,391.91
—	—	—	4,818,550.35
—	—	—	1,877,169.68
—	—	—	5,998,966.93
—	—	—	$15,870,078.87

8. All other expenditures made or costs incurred by the client for work done or property acquired by or under the supervision of the construction company.

The cost does not include:

1. All costs of engineering plans and specifications and all engineering investigations.

2. All costs not covered by insurance in connection with accidents or injuries to persons, damages to property of third parties and losses from fire or theft.

3. All charges paid to Electric Bond and Share Company for services of its employees.

4. Interest and taxes during construction.

5. The compensation paid to the construction company for its services.

Exhibit 90

4936

CONSTRUCTION WORK FOR SERVICED COMPANIES

SCHEDULE C

4937

1926—1935

(opposite page)

4938

Exhibit 90 (Continued)

SCHEDULE C

TOTAL CONSTRUCTION OF SERVICED COMPANIES FOR 10 YEARS ENDED DECEMBER 31, 1935 (INCLUDING SUBSIDIARIES AND PREDECESSORS

COMPANIES	Total Property Construction	By Company Itself or Independent Contractor	By Construction Subsidiary of Bond and Share
Arkansas Power & Light Co.	$ 28,879,981.00	$ 17,636,679.00	$ 11,243,302.00
Birmingham Electric Co.	12,317,424.00	11,625,100.00	692,324.00
Carolina Power & Light Co.	44,521,569.00	27,141,534.00	17,380,035.00
Central Arizona Light and Power Co.	8,314,083.00	6,469,988.00	1,844,095.00
Dallas Power & Light Co.	17,930,868.00	13,040,044.00	4,890,824.00
Florida Power & Light Co.	55,089,883.00	24,026,221.00	31,063,662.00
Utilities Land Co.	1,095,649.00	982,417.00	113,232.00
Holston River Electric Co.	257,164.00	235,088.00	22,076.00
Houston Lighting & Power Co.	30,391,798.00	20,996,546.00	9,395,252.00
Idaho Power Co.	9,525,278.00	7,360,100.00	2,165,178.00
Kansas Gas and Electric Co.	14,061,883.00	11,030,479.00	3,031,404.00
Louisiana Power & Light Co.	15,626,580.00	10,883,084.00	4,743,496.00
Memphis Power & Light Co.	11,650,300.00	9,646,804.00	2,003,496.00
Minnesota Power & Light Co.	9,839,864.00	7,403,261.00	2,436,603.00
Mississippi Power & Light Co.	9,653,759.00	4,073,573.00	5,580,186.00
Montana Power Co., The	17,580,727.00	10,305,159.00	7,275,568.00
Montana Power Gas Co.	11,811,594.00	4,637,128.00	7,174,466.00
Nebraska Power Co.	13,679,657.00	12,159,322.00	1,520,335.00
New Orleans Public Service Inc.	26,199,802.00	22,160,266.00	4,039,536.00
Northwestern Electric Co.	7,370,139.00	7,196,432.00	173,707.00
Pacific Power & Light Co.	26,687,177.00	16,739,164.00	9,948,013.00
Pennsylvania Power & Light Co.	80,718,775.00	57,379,688.00	23,339,087.00
Roanoke River Power Co.	405,616.00	396,216.00	9,400.00
Tennessee Public Service Co.	7,442,259.00	4,881,942.00	2,560,317.00
Texas Electric Service Co.	20,845,228.00	19,195,638.00	1,649,590.00
Texas Power & Light Co.	29,342,506.00	22,347,116.00	6,995,390.00
Texas Public Utilities Corp.	7,388,791.00	7,243,375.00	145,416.00
United Gas Public Service Co.	55,726,849.00	40,836,739.00	14,890,110.00
Utah Power & Light Co.	18,047,835.00	12,619,089.00	5,428,746.00
Washington Water Power Co., The	12,965,398.00	11,692,640.00	1,272,758.00
West Tennessee Power & Light Co.	1,646,215.00	873,976.00	772,239.00
Pike Rapids Power Co.	85,768.00	—	85,768.00
TOTAL	$607,100,419.00	$423,214,808.00	$183,885,611.00
Percentage	100%	69.7%	30.3%

Exhibit 91

SERVICES RENDERED

4942

TO

IDAHO POWER COMPANY

BY

ELECTRIC BOND AND SHARE COMPANY

FROM JANUARY 1, 1934 TO OCTOBER 31, 1935

INDEX

4943

DEPARTMENT	*PAGE*
Executive Officers and Operating Sponsor...	
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Budget	
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Exhibit 91

Statistical .....
Insurance 4945
Purchasing .....

FOREWORD

This report gives a summary of specific services rendered by the various departments of Electric Bond and Share Company to Idaho Power Company from January 1, 1934, to October 31, 1935.

In addition to the specific services listed herein, 4946
services of a general nature were rendered continuously throughout the period both by correspondence and through personal conferences held both in New York and Boise, Idaho.

The consultative and other services contemplated by the Service Contract were also available to Idaho Power Company, making it unnecessary for that company to retain technical or other specialists in connection with many phases of its operations.

For a general description of the services which Electric Bond and Share Company was prepared to, and generally did, furnish, reference is made to the 4947
Service Contract and to the accompanying booklet entitled "The Origin of Electric Bond and Share Company and the Nature and Value of the Services which it Renders to its Associated Domestic Operating Companies". Said last mentioned booklet is hereinafter referred to as "EBASCO BOOKLET".*

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*The booklet referred to in this exhibit was prepared by Bond and Share prior to the organization of Ebasco.

Exhibit 91

EXECUTIVE OFFICERS AND OPERATING SPONSORS

4948

(SEE PAGE 23 EBASCO BOOKLET)

During the period in question, the executives and members of the executive staff of Electric Bond and Share Company devoted a great deal of time to the problems of Idaho Power Company. Numerous conferences were held with officers and officials of the company in New York and in Idaho, and Mr. Frank Silliman, Jr., and Mr. K. R. MacKinnon, the operating sponsors for the company,

4949

spent a total of approximately twenty weeks on the properties of the company in Idaho and Oregon.

The operating sponsors in addition to assisting the officers of the company directly, by advising on operating and financial problems, were instrumental in coordinating the activities of the various departments of Electric Bond and Share Company to the end that the maximum of service might be rendered with efficiency and despatch.

The activities of these departments and the services which they rendered are set forth in detail

4950

in the following pages.

Exhibit 91

CORPORATE SERVICES

(SEE PAGE 23 EBASCO BOOKLET)

1951

In January, 1934, advice was given relative to the termination of the appointment of the New York transfer agent and registrar of the Company's preferred stocks.

In January, 1934, a discussion was had with the officers of the Company concerning the allocation of State income taxes.

In February, 1934, advice was given as to requirements for the transfer of stock registered in the name of deceased persons domiciled in various eastern states.

1952

In February and March, 1934, advice was given concerning the annual report of the Company and the letter to its stockholders incorporated therein.

In March, 1934, advice was given with respect to various features and provisions of the Company's Federal Power Commission license covering the so-called Twin Falls project on the Snake River.

In April and May, 1934, assistance was given in connection with the qualification of the First Mortgage Thirty-Year 5% Gold Bonds of the Company as legal investments for New York State savings banks.

1953

In April, 1934, assistance was given in drafting notices, proxies and other papers in connection with the annual meeting of the stockholders of the Company.

In April, May and June, 1934, advice was given, conferences were held with officers of the Com-

4954 pany, engineers and others, and certain representatives of the United States Bureau of Reclamation were interviewed (a trip was made to Washington, D. C. for this purpose) in connection with the preparation and consummation of the so-called American Falls contract between the Company and the United States.

In May, 1934, advice was given as to the qualification of the newly elected directors of the Company.

In September, 1934, assistance was given in the preparation of a statement of fixed costs submitted
4955 to the Federal Power Commission covering the Company's Swan Falls and Lower Salmon Falls hydro-electric projects on the Snake River.

In October, 1934, advice was given in connection with the proposed transfer of the properties of Nevada Power Company and Salmon River Power & Light Company to Idaho Power Company.

In October, 1934, a study was made of the Company's water rights at its so-called Malad site on the Malad River in Idaho.

In December, 1934, advice was given with respect to various aspects of the Company's report
4956 to the Federal Power Commission by way of cooperating in the national power survey made by said Commission.

In December, 1934, advice and assistance were given on certain aspects of the Company's report to the Federal Power Commission by way of cooperating in the national electric rate survey made by said Commission.

In February, 1935, advice was given as to the form and content of replies to inquiries from stock-

holders and investment houses concerning the condition of the Company. 4957

In February, 1935, advice was given as to requirements for a tax waiver from the State of Maine in connection with the transfer of stock from the name of a decedent.

In February, May and June, 1935, advice and assistance were given in connection with the qualification of the Company's First Mortgage Bonds as legal investments for New York State savings banks.

In April, 1935, advice was given concerning the annual report of the Company and the letter to its stockholders incorporated therein. 4958

In April and May, 1935, advice was given relative to the reduction of the number of directors of the Company.

In April and May, 1935, assistance was given in drafting notices, proxies and other papers in connection with the annual meeting of the stockholders of the Company.

In May, 1935, assistance was given in the preparation of reports to the Federal Power Commission covering the Company's Lower Salmon Falls, Swan Falls and Twin Falls hydro-electric projects on the Snake River. 4959

In May, 1935, advice was given in connection with the revision of certain parts of the so-called American Falls contract between the Company and the United States.

In October, 1935, advice and assistance were given in the preparation of applications and other papers having to do with the then proposed transfer of the properties of Nevada Power Company

and Salmon River Power & Light Company to
4960 Idaho Power Company.

Assistance was given the Company in obtaining the prompt repayment to it by the Trustee of $195,000 deposited January 2, 1934 in the Sinking and Improvement Fund including advice concerning Resolutions, Certificates and other papers to be filed with Bankers Trust Company, New York, to constitute an Application for the withdrawal of cash impounded under its First Mortgage.

Assistance was also given the Company in presenting its Withdrawal Application for $195,000
4961 deposited January 2, 1935 to effect the repayment of such an amount promptly by Bankers Trust Company, Trustee under its First Mortgage.

Advice was given regarding Withdrawal Application for $195,000 intended to be filed in December, 1935, to effect the immediate repayment of such sum from the Sinking and Improvement Fund by Bankers Trust Company of New York.

ENGINEERING SERVICES

(SEE PAGE 24 EBASCO BOOKLET)

4962 The Engineering Services rendered to the Idaho Power Company during 1934, and the first ten months of 1935 have been classified below, for each year, under Consulting Services, Sponsor Engineering Services and General Engineering Advice and Information.

Exhibit 91

January 1, 1934—December 31, 1934

4963

Consulting Services

Mr. Clogher, Chief Engineer, assisted by Messrs. Merrill and Peterson, prepared and submitted the advance information requested by the Federal Power Commission relative the Company's undeveloped power sites. He conferred with the Federal Power Commission representatives on the Commission's Power Survey Questionnaire and on the preparation of the Company's report to the Commission.

He gave consulting advice in connection with the 4964
negotiations and preparation of the 1934 American Falls Agreement with the United States Department of Reclamation. This work included two Western trips, the first to the Reclamation offices at Denver in May, and the second to the Pocatello meeting in September; also a trip to Washington to discuss the negotiations with Dr. Mead of the Reclamation Service.

Mr. Elliott, Consulting Mechanical Engineer, assisted by Mr. Friend, helped the Company with their mechanical problems. They prepared specifications
4965
and operating cost reports on Diesel engine equipments for the information of the Company. They analyzed automotive fleet operations and suggested methods to be used in reducing automobile operating costs.

Mr. Silver, Consulting Electrical Engineer, assisted by Messrs. Pierce and Bullard, made studies for and recommendations to the Company on a number of subjects, the more important being:

4966 They studied methods of simplifying and reducing the cost of residential wiring installations and metering installations.

They studied methods for increasing the life of poles in place to reduce the pole replacement expense.

They studied and made recommendations on improved lightning protection methods to reduce the operating and maintenance costs on transmission lines, distribution lines and substations.

Sponsor Engineering Services

4967 During 1934, Mr. Penman, Sponsor Engineer, in addition to his work on Company's engineering problems at the New York office, spent a total of seventy days in Idaho (during May, June, July, September, October and November) on various general and specific problems in connection with the Company's operation. His activities are summarized below:

4968 He worked on various plans for conserving water in the American Falls Reservoir for irrigation purposes and how the resulting reduction in power and energy generated at American Falls during the winter seasons could most economically be replaced. These comparisons were carried along concurrently with the negotiations on the 1934 American Falls Contract with the Reclamation Bureau and involved in addition to the studies made at New York and Boise, conferences at Denver in May and at Pocatello in September.

Exhibit 91

When the 1934 American Falls agreement went into effect studies were continued leading to a de- 4969
cision to construct the Twin Falls Hydro Electric Plant in 1935 to replace the power loss due to the water conservation program agreed to.

The distribution practices and standards were reviewed in detail with the Company's distribution engineers and certain improved practices that have been found successful elsewhere were recommended. Reduction of distribution investments, simplification of design, methods of reducing thermal damage on flashovers and the most effective loading of facilities being given special attention.

Joint use construction was discussed fully with 4970
the Company's distribution engineers and negotiations initiated with the Mountain States Telephone and Telegraph Company looking toward a modern joint use agreement which will reduce the Company's investment per customer served. Mr. Penman also discussed for the Company the Joint Use Papers presented at the American Institute of Electrical Engineers Convention at Salt Lake and pointed out the Company's requirements and benefits from such Joint Use Agreements.

In connection with the 1934 construction and 4971
maintenance programs he inspected all of the more important generating plants and substations during the year and reviewed specific construction and repairs made during the year. He assisted in the preparation of the 1935 Construction Budget and conferred with the Company officials in establishing the complete construction and maintenance program and schedule for 1935.

4972 Mr. Penman also studied the following Company problems in the field and continued these studies with the Electrical and Mechanical Engineering Consultants at the New York office:

Railway crossing specifications for overhead lines.

Control facilities for off-peak water heating service.

Mr. Penman assisted Mr. A. T. Larned, (of Phoenix Engineering Corporation), during the months of October, November and December in
4973 preparing a comprehensive study of load and power supply for the years 1935 to 1939 inclusive. The report outlined the necessary modifications and additions to generating facilities required to adequately supply the expected load additions during the period. They also prepared preliminary construction cost estimates on the developments considered feasible for construction during this five year period.

General Engineering Advice and Information

4974 The Engineering Department of the Electric Bond and Share Company advised the Company by correspondence, engineering letters and engineering reports on technical and operating advancement in electric utility operations. Specialists on various subjects collected and analyzed such technical data and prepared simplified reports that enabled the Company's representatives to readily utilize this information in their activities without extensive preparation and study. The following

Exhibit 91

Engineering Letters and Engineering Reports were issued to the Company in 1934: 4975

Engineering Letters

No.	*Title*
46	Overhead Distribution Practices.
47	Connecting Transformer Banks Open Delta and Open Y.
48	Inspection and Maintenance of Wood Poles.
49	Method of Determining Power Capacity and Annual Charges on Hydro-Electric Projects Under License from Federal Government. 4976
50	Simplified Wiring and Notes on Present Status.
51	Spill Gaps for Protection of Distribution Transformers Against Lightning.
53	Supplementary Data on Fuel, Governors and Oil. 4977
56	Reduction in Losses from Fleet Accidents.
59	Bushing and Other Insulation Testing.
61	Conversion of Present House Meters for Standard Interchangeable Mounting.

Exhibit 91

4978 62—Simplified Wiring—Low-Cost, Heavy-Duty, Service Entrance Control Cable.

65—Street and Highway Lighting.

67—Plant Equipment and Maintenance-Sprayed Molten-Metal.

68—Qverhead Distribution-Wood vs. Steel Insulator Pins.

Engineering Reports

4979 Air Conditioning.
Home-Cooling Installations—Using Attic Ventilating Fans.
Cracked Residues for Boiler Fuel.
Distribution Transformer Performance.
Distribution Line Performance.
Transmission Line Performance.

Janudry 1, 1935—October 31, 1935

Consulting Services

4980 Mr. Clogher, Chief Engineer, and Mr. Silver, Consulting Electrical Engineer, were consultants in connection with the design and construction of the Twin Falls Hydro-electric Plant and were largely responsible for evoking a simple design which resulted in such a low cost plant per unit of capacity. Dealings with the Federal Power Commission, relative this plant, were largely handled by Messrs. Clogher and Leighton.

Mr. Clogher was called on frequently for consulting advice relative the Rock Creek Hydro- 4981
electric negotiations, the Upper Salmon Development and Federal Questionnaires on Rates and Rural Electrification.

Mr. Silver, assisted by Messrs. Bullard and Pierce, gave assistance to the Company in reducing the cost of residential wiring and service entrances; they issued the Rural Electrification Specications and assisted with the rotational vibration problem on copperweld conductors used on rural lines.

Mr. Elliott, Consulting Mechanical Engineer, as- 4982
sisted by Messrs. Friend and Schneitter, assisted the Company in their dealings with customers using steam processing equipment. They kept the Company representatives advised relative to new automotive devices and their uses in decreasing the cost of fleet operations.

They followed the rapid developments in air conditioning equipments and methods and kept the company representatives advised of the successful advances in the art as well as advising them relative to specific installations and the underlying technical problems involved. The relative merits 4983
of evaporative types of air conditioning equipments for the Idaho climatic conditions were carefully compared with the refrigeration types of air conditioning equipment.

Sponsor Engineering Services

Mr. Penman, Sponsor Engineer, was engaged on the Company's engineering problems about one

half of the time of which 112 days were spent in
4984 Idaho during the months of April to November inclusive on various general and specific problems in connection with the Company's operation. The more important of his activities are outlined below:

Mr. Penman assisted in making an appraisal of the property of the Grimes Pass Power Company. He also assisted in making an appraisal of the Barber Plant of the Boise Payette, Inc. He assisted in making arrangements covering power interchange agreements with the West Coast Utilities
4985 Company and the Boise Payette, Inc.

Mr. Penman assisted the Company representatives and the representatives of the Mountain States Telephone and Telegraph Company in preparing an agreement covering the joint use of poles by both companies.

He followed the Twin Falls Hydro-electric Plant construction in the field, being particularly concerned with the transmission and control circuit design, location and construction.

He assisted in preparing the construction cost
4986 estimate on a proposed 6,000 kw plant (known as the Rock Creek Project) and assisted with negotiations which looked toward the construction of this plant and the sale of its output when constructed.

He reviewed studies of the System's west end low voltage conditions and arrived at a program for correction with the Company's representatives for 1936.

He analyzed various methods for controlling electric water heating demands and recommended a

carrier current control installation at Boise which is to be installed in 1936. 4987

During the year, Mr. Penman inspected the Company's major generating plants and substations and studied load and service conditions to assist in determining the necessary additions and modifications. He assisted in preparing the 1936 Construction Budget and construction and maintenance schedules for 1936.

Mr. Penman assisted the engineers of Phoenix Engineering Corporation in the design of the Twin Falls Hydro-electric Plant, and also in connection with the specifications and installation of larger turbines and governors in the Lower Salmon Plant. 4988

Mr. Melvin, Sponsor Engineer, inspected the second-hand General Electric specially constructed trailer equipped with Kitchen Appliances at Erie, Pennsylvania, prior to its purchase by the Company.

General Engineering Advice and Information

An engineering conference was held in New York during the week of February 4th to 7th inclusive to develop methods of reducing the construction and maintenance costs of distribution lines with special reference to rural and farm lines. Messrs. King and Purton of the Idaho Power Company were in attendance at these meetings and partly as a result of these discussions and interchange of ideas they were able to reduce materially the per mile cost of their rural lines during 1935. 4989

The Engineering Department of the Electric Bond and Share Company advised the Company by

4990 correspondence, engineering letters and engineering reports on technical and operating advancement in electric utility operations. Specialists on various subjects collected and analyzed such technical data and prepared simplified reports that enabled the Company's representatives to readily utilize this information in their activities without extensive preparation and study. During 1935 the following engineering letters and engineering reports were sent to the Company:

No. *Engineering Letters*

4991 69—Low Speed Diesel Engine Data.

70—High Speed Diesel Engine Data.

74—Development of Electric Service to Farms.

75—Gas Engine Data.

76—Simplified Wiring—National Electrical Code—1935 Revision.

77—Conversion of Present House Meters for Interchangeable Mounting.

4992

79—Electric Distribution Engineering Conference—Summary of Conclusions and Recommendations.

81—Diesel Engine Competition.

82—Economic Life of Diesel Engines.

Exhibit 91

83—Voltage Drop in Secondary Mains of Overhead Distribution Systems. 4993

84—Diesel Engine Data.

Engineering Reports

Report on Transmission Line Performance.
Rural Line Specifications.
Simplified Building Wiring—Introduction of a New "Covered Neutral" Concentric System.

RATE SERVICES 4994

(SEE PAGE 24 EBASCO BOOKLET)

During the period in question the Rate Department has devoted a total of 157 man-days directly to the rate problems of Idaho Power Company, of which 94 man-days were spent in New York and 63 man-days were spent on the properties of the Company.

There is not included in the above direct time those small units of time of which no record has been kept represented by short interdepartmental conferences, consultations with Operating Sponsors, Rate Sponsors, Sponsor Engineers, and others. If totaled these small units of time would make an appreciable addition to the direct time shown above. 4995

In addition to information furnished at personal conferences, items of interest were frequently transmitted. The range of subjects covered by the items transmitted is illustrated by the following partial list:

Exhibit 91

4996 Tabulation "Residence Service Records from Principal Ebasco Affiliated Companies" (Transmitted quarterly). This shows for each Operating Company, the Revenue per Customer Year in Dollars, Kwh per Customer Year, and Average Revenue per Kwh in Cents, for the years 1926 to date.

Plan of San Joaquin Light and Power Corporation and Midland Counties Public Service Corporation to dispose of a temporary surplus of Electricity and build permanent load.

4997 Study of demand practices and methods of determining billing demands for Commercial lighting on representative electric systems throughout the United States.

Cincinnati Electric Rate Ordinance giving the four year rate plan, including provisions for increasing the rates to compensate for increasing costs of coal, wages and taxes.

4998 T. V. A. Contract with New Albany, Mississippi, and comments giving differences between this contract and the one executed with Tupelo, Mississippi.

Comparison of Rural Electric Rates of Ontario Hydro Commission with those of T. V. A. as set forth in contract with Alcorn County (Mississippi) Electric Power Association.

Statement by Dr. James C. Bonbright, Vice-Chairman of New York Power Authority correcting impressions that everybody is entitled to electricity at 3.5¢ per Kwh regardless of use.

Exhibit 91

Summary of significant changes made by T. V. A. in its retail rates from time to time. 4999

Residential statistics of Commonwealth and Southern Corporation relative to Kwh use and merchandise sales under their promotional rate plan.

Federal Power Commission—Electric Rate Survey reports for each individual state, giving monthly bills for all cities and towns over 250 population.

Public Service Commission of Wisconsin show cause order for establishing state-wide "Low Cost" Residential and Small Commercial Service rates, also Commission order approving rates of Superior Water, Light and Power Company. 5000

Reports comparing trend of cost of domestic electric service, cost of living and cost of government.

Contract between Georgia Power Company and Techwood, Atlanta, Federal Housing Project. 5001

Order of Michigan Public Utilities Commission establishing a new plan for rural service.

In order that close contact between the Rate Department of Electric Bond and Share Company and Idaho Power Company might be maintained through a rate engineer having a full knowledge

of conditions encountered by utilities operating in
5002 the northwestern part of the country, Electric Bond and Share Company in August 1930 secured as Rate Sponsor for its client companies operating in that territory, the services of a man whose education and experience was obtained in that section, one who for five years prior to joining the staff of the Rate Department of Electric Bond and Share Company was assistant chief-engineer to the State Department of Public Works of the State of Washington. Since joining the staff of the Rate Department of Electric Bond and Share
5003 Company this man has spent a considerable part of his time in Idaho and Oregon and although all of the time has not been devoted solely to problems of Idaho Power Company, nevertheless his experience there with other companies has been valuable in that he has had the necessary background of local color when devoting his attention to problems of Idaho Power Company.

DESCRIPTION OF TYPICAL RATE PROBLEMS

5004 The following are among the more important problems on which the Rate Department furnished assistance during the period.

Irrigation Rate Study—During the Fall of 1933, and the Spring of 1934, the Rate Department at the Request of the Idaho Power Company made an extensive study of the irrigation business of that Company. The Company was experiencing considerable difficulty in collecting the bills from

this class of business, the delinquency amounting to about one third, and the uncollectibles about one sixth of the gross revenue. Members of the Rate Department spent considerable time both in Boise and in New York analyzing this problem. As a result a new optional rate was designed to be on a cash basis and low enough to induce the customers to contract for service for a period of years. The Company made the new rate available in the Spring of 1934 just at the beginning of the irrigation season. It resulted in improved collections, increased business and better customer relations. 5005 5006

Diesel Engines—In the Summer of 1934, the Rate Department at the request of the Idaho Power Company made a study of Diesel engine power costs as an aid to the Commercial Department in its power sales activities.

Hotel Service—During the Fall of 1934, while the Rate Sponsor was in Boise, he talked with the Manager of the Boise Hotel, who expressed several grievances to him which he had concerning his electric bill. The Rate Sponsor obtained from the extensive files of the Rate Department, information regarding the practices of other hotels throughout the country, also the relationship between the fuel and electric bill and gross revenue. This information, demonstrating the reasonableness of the existing electric rates, was presented to the hotel manager, together with a list of the other services rendered gratis to him by the Idaho Power Company engineers, satisfying the complaint. 5007

5008 *Water Heating*—While the Rate Sponsor was in Boise, he made further studies pertaining to electric water heating. A complete report was written on the subject of off-peak service for water heating, and a new residential combination service rate incorporating this off-peak water heating feature was suggested to the Idaho Power Company. The Company made this rate available to the public on May 1, 1935.

5009 *General Rate Study*—The Idaho Power Company, being desirous of simplifying its rate tariff and at the same time gradually reducing its rates, requested the Rate Sponsor in November 1934 to make an exhaustive study of each schedule and the business thereon. This study outlined a program whereby the Company, through a series of reductions made whenever earnings permitted, would gradually consolidate schedules and revise them into a more simplified form. Definite suggestions and recommendations were made regarding the form and price level of the residential schedules to become effective as the program is carried out. The Idaho Power Company accepted
5010 this program and made the first reduction in the residential combination service schedules on May 1, 1935.

Analysis of Domestic Business—After the new residential rates had been in effect for three months the Rate Sponsor made a detailed analysis of the results being obtained. This analysis showed the Idaho Power Company that the new rates were highly successful in reducing the number of mul-

tiple meter customers and increasing the kwh consumption per customer. 5011

Power Rate Study—During the Summer of 1935, the Idaho Power Company requested the Rate Sponsor, who was in Boise at the time, to make a study of its power rates. After a complete analysis of all the customers on the power rates had been made, and trial rates applied to their bills, the Rate Sponsor suggested new lower rates which would more easily meet competition. These rates were filed on October 1, 1935, and afforded a considerable saving to all customers affected. 5012

Salmon Residential and Commercial Rate Study—It was the belief of the Rate Sponsor and the officers of the Idaho Power Company that more business could be obtained on the system of the Salmon River Power & Light Company if the rates were more promotional. The Rate Sponsor made a detailed study in which trial rates were designed and applied to the consumptions of all the residential and commercial customers. Recommendations were made and new residential and commercial rates were made effective during the summer of 1935. 5013

SECRETARIAL SERVICES

(SEE PAGE 24 EBASCO BOOKLET)

During the period in question, the Secretarial Department officially represented Idaho Power Company in New York City when called upon, members of the Department having from time to

time been elected to the position of Assistant Sec-
5014 retary of the Company. During the period 11 meetings of Directors were held at the operating office of the Company. The minutes of the meetings were reviewed by the Department, the proper parties notified of action taken at the meetings, and such assistance as was feasible furnished in connection therewith. Where required, certified excerpts from the minutes of all meetings were furnished to the Trustees under mortgages, the Transfer Agents and Registrars for the stocks of the Company, Depositories for the funds of the Company and to others requiring such excerpts.

5015 Two meetings of stockholders were held in Augusta, Maine. The Secretarial Department assisted in the preparation and mailing of the notices to stockholders of the Company, assembled and checked to the stockholders lists all proxies returned by stockholders, and generally supervised the holdings of the meetings. The necessary advice of action taken at all meetings of stockholders was furnished to those interested. Duplicate signed or certified copies of the minutes of all meetings are maintained by the Department.

5016 The Department, in addition to other services furnished to Idaho Power Company:

(a) Assisted in the preparation of the necessary certificates and in the issuance of all Preferred and Common Stocks of the Company issued during the period.

(b) Maintained the necessary reserve supply of bonds and stock certificates, and kept

the trustee and transfer agents supplied with their requirements therefor. 5017

(c) Acted as Transfer Agent for the common stock of the Company.

(d) Attended to the preparation of papers necessary in connection with lost securities and the issuance of new securities in their place.

(e) Maintained certain corporate files.

Official contact in, and in the vicinity of, New York City with representatives of banks, trustees, transfer agents, registrars, security houses and security holders, printers and engravers and many others, obviated the necessity of numerous trips by officials of Idaho Power Company and saved loss of time and the large expense incident thereto. 5018

COMMERCIAL SERVICES

(SEE PAGE 25 EBASCO BOOKLET)

The Electric Bond and Share Company rendered continuous commercial service to the Idaho Power Company during the period in question. 5019

Idaho Power Company as part of its obligation to offer a complete electric service to its customers must keep them constantly informed of the new uses which may be made of the services and of the appliances and equipment available to supply them. This applies equally to all classes of customers. Electric Bond and Share Company collected and

disseminated to its client companies (among them
5020 Idaho Power Company) information of this nature.

One of the essentials in successful sales promotion is to develop a plan, something in the way of a guide to follow and work by. For this purpose, the Electric Bond and Share Company Commercial Department each year has prepared and issued a volume of sales suggestions to the client companies (including Idaho Power Company) to assist them in preparing their own annual sales plans covering sales activities directed at each class of utility service, and designed to indicate broad trends and
5021 policies, and to provide for an interchange of ideas and coordination of objectives.

The ideas, suggestions and recommendations embodied in these programs have been the result of considerable research work by the Commercial Department of Electric Bond and Share Company. This information was gathered from many sources, and after careful analysation and study, those facts and conclusions which were pertinent to electric utility sales operations were summarized and embodied in the printed programs which are presented to client companies, including Idaho Power Com-
5022 pany.

Some idea of the sources from which this information was obtained may be had from the following agencies contacted:

(1) Twenty-seven client companies of the Electric Bond and Share Company

(2) Many of the prominent gas and electric utilities located in the U. S. and Canada

Exhibit 91

(3) A large number of the more prominent manufacturers of gas and electric appliances 5023

(4) Such trade organizations as the Anthracite Institute, Petroleum Institute, Steel Institute, Textile Institute, Copper Institute and many others

(5) The large radio broadcasting companies

(6) Publications such as national magazines, women's magazines, trade publications and the large metropolitan newspapers 5024

(7) Various agencies such as the U. S. Department of Commerce, Department of Agriculture and other governmental departments, sales executives of the large utility syndicates, American Gas Association, Edison Electric Institute, several of the large metropolitan banks, national advertising agencies and others

As a result of these contacts several hundred industry plans, reports, studies, bulletins and other 5025 data were assembled, reviewed and analyzed over a period of several months in preparation for the Electric Bond and Share Company Sales Programs. The task of gathering, analyzing and correlating such information and condensing to pertinent facts required a staff of experienced and capable personnel doing constant research for client companies.

Exhibit 91

5026 During the period from January 1, 1934 to October 31, 1935, there were three conferences held at which Electric Bond and Share Company Sales Programs for 1934, 1935 and 1936 were presented.

1. *Presentation of Electric Bond and Share Company Sales Program for 1934*

5027 On January 30 and 31, 1934, one of a series of regional sales conferences held with representatives of various client companies for the presentation of the Electric Bond and Share Company Sales Program for 1934 was conducted by Mr. Smiddy, head of the Commercial Department of Electric Bond and Share Company at Spokane, Washington. Those present at this particular conference included operating executives, sales executives and other representatives of the following client operating companies, Idaho Power Company, Utah Power & Light Company, The Montana Power Company, The Washington Water Power Company, Pacific Power & Light Company, Northwestern Electric Company and Portland Gas & Coke Company. Among the representatives of the Idaho Power Company were Mr. Robinson, President and General Manager, Mr. Brainard, Sales Manager, three sales representatives and five division managers.

5028

Among the program subjects presented and discussed were general sales policies and specific developments including Lighting, Small Appliances, Cook Stove Replacements, Gas Competition, Industrial Sales, Dealer Coordination, Kitchen Styling, Air Conditioning and Advertising. In addi-

tion representatives of the various companies presented papers and discussed matters pertinent to 5029
utility sales operation prevailing in their respective territories.

Presidents' Sales Trophy Contest

As a result of the Spokane Sales Conference plans were initiated for a sales contest between the client companies in Idaho, Utah, Montana, Washington and Oregon. This contest known as the Presidents' Sales Trophy Contest was sponsored by the presidents of the client companies operating in the above states, and was conducted 5030
for the purpose of stimulating the over all business development of the contesting companies. The award of the Presidents' Sales Trophy went to the sales manager doing the best all-around sales during the year 1934.

With the contest concluded and the records of the various contestants presented to the judges for decision as to winner of the contest, the Idaho Power Company was declared the winning company for the most meritorious work done.

2. *Presentation of Sales Program for 1935* 5031

A conference was held in Boise on November 2 and 3, 1934, when the suggested Sales Program for 1935 and the revised Sales Budget Procedure, which were prepared and formulated by the Electic Bond and Share Company, were presented to the executives, district managers and key men of the Sales Department of Idaho Power Company

5032 by Messrs. Fiester and Ohles of the Electric Bond and Share Company Commercial Department.

The Electric Bond and Share Company's Sales Program for 1935 consisted of 5 sections with a total of 459 printed pages. An outline of the subjects covered in these booklets is as follows:

General Sales Policies and Advertising Volume

(1) General Sales Policies for 1935

(2) Advertising "Ace Aid to Sales"

5033

Residential Sales—2 volumes

(1) The American Home—America's Hope for 1935

(2) Residential Lighting

(3) Air Conditioning, Ventilating and House Heating

(4) Radio

5034

(5) Refrigeration

(6) Home Cooking

(7) Water Heating

(8) General Health and Labor Saving Devices

Commercial Sales Volume

Exhibit 91

(1) Wipe out "No Man's Land" in 1935 Sales Attack 5035

(2) Commercial Lighting

(3) Air Conditioning and Ventilation

(4) Commercial Refrigeration

(5) Commercial Electric Cooking

(6) Commercial Gas Sales

Industrial, Farm, Government & Municipal Sales Volume 5036

(1) Industrial Sales

(2) Farm Sales

(3) Government & Municipal Sales

Detailed discussion of the above subjects suggested market possibilities and sales methods, emphasized surveys and definite plans, and urged intensive effort to bring about a more abundant use of electric service. 5037

3. *Presentation of Sales Program for 1936*

The third sales program presentation, that of the Ebasco Sales Program for 1936, was at a conference held in New York City commencing on October 21, 1935 at which executives and sales representatives of all client companies of Elec-

tric Bond and Share Company were present. Idaho
5038 Power Company took part in this conference and was represented by Mr. Robinson, President and General Manager, Mr. Brainard, Sales Manager, and Mr. Orr, Assistant General Manager.

In the presentation of the Sales Program for 1936, suggested plans for selling and sales promotion were given on a far more elaborate scale than the sales programs of previous years. The printed contents and the many illustrations shown are contained in eight booklets taking 663 pages, every page of which is replete with information and ideas covering sales practices and sales plans.
5039 The general scope of Ebasco Sales Suggestions for 1936 is as follows:

1—*Using Utility Advertising to Sell Utility Service*

2—*Residential & Farm Sales*:—The Home Market; Lighting; Air Conditioning; Ventilation and House Heating

3—*Residential & Farm Sales*:—Radio; Refrigeration; Home Cooking
5040

4—*Residential & Farm Sales*:—Automatic Water Heating; General Health and Labor Saving Services; Farm Sales

5—*Commercial Sales*:—The Commercial Market; Commercial Lighting; Air Conditioning

Exhibit 91

6—*Commercial Sales*:—Commercial Refrigeration; Commercial Electric Cooking and Baking; Other Commercial Electric Services; Commercial Gas Services 5041

7—*Industrial Sales*, and Government & Municipal Sales

SALES BUDGET

With the sales plan or program definitely outlined, another step, that of the sales budget or the control of the sales operation, is an essential equally as important as the sales program or plan itself. 5042
One is the complement of the other. This Sales Budget which has been adopted by Idaho Power Company was originated by Electric Bond and Share Company, and makes possible the orderly planning of sales operations, accurate forecasts of future operations and careful control of expenditures. The use of these Sales Budgets has resulted in a more careful analysis of territory sales potentialities and in the inauguration of adequate selling plans to develop these potentialities.

The Sales Budget is a component part of Ebasco's budget system. It is more than a mere esti- 5043
mate of revenues for the budget year. Its fundamental function is to aid in the intelligent design, supervision and control of sales efforts by providing a comprehensive plan of all sales, advertising and promotional activities. Used in the latter manner, it assists the Sales Manager to secure prompt executive approval of his plans for the budget year, and makes it possible for the executives of client companies to pass upon such plans in an orderly, concise manner.

Exhibit 91

5044 Once prepared, the Sales Budget is a constant tool of the Sales Manager and all his aids. It is of particular assistance in helping to stick to a consistent plan throughout the year. It permits both concentration of emphasis upon successful sales programs and the application of new thought to sales and to promotional activities which are not coming up to the marks expected.

The revised instructions for preparation of Sales budget and sales program, in the form of a booklet consisting of fifty pages, were issued to the client companies including Idaho Power Company in 5045 September, 1935. This is for use and guidance to each respective client company in the formulation of its own budget and sales program. The contents of the booklet include specimen illustrations of forms and the instructions for the preparation of same as follows:

I List of Forms and Order of Arrangement

II Sales Budgets to be Prepared

III General Instructions

5046 IV Explanations of Sales Budget and Sales Program Forms

(a) *Sales Budget*

Estimate of Electric Operating Revenues by Classes
Estimate of Electric Customers and Energy Sales

Exhibit 91

Estimate of Gas Operating Revenues by Classes 5047
Estimate of Gas Customers and Gas Sales
Estimate of Operating Revenues by Classes (Blank form for use of Other Departments: Ice, Steam Heat, etc)
Estimate of Merchandise Sales and Expenses
Estimate of Electric Revenues from Sales of Electric Merchandise—Residential
Estimate of Gas Revenues from Sales of Gas Merchandise—Residential 5048
List of Large Commercial, Industrial and Government & Municipal Prospects
Estimate of New Business Expenses

(b) *Sales Program*

Sales Personnel
Advertising Budget & Program—Sales Equipment and Facilities
Residential Sales Program; Farm Sales Program 5049
Commercial Sales Program
Industrial Sales Program and Government & Municipal Sales Program
Schedule of Sales Features, Campaigns and Special Activities
Summary of Sales Program for Budget Year

Exhibit 91

5050 The Sales Budget, when completed by the client company, is submitted to Electric Bond and Share Company Commercial Department in New York for review. The Commercial Department, familiar with conditions in many territories—including that served by Idaho Power Company—is in a position to suggest and suggests changes which seem desirable in the budget forecast of sales. In several instances Idaho Power Company has found it desirable to revise its budget in line with the suggestions made.

5051 Further assistance in the interpretation and preparation of sales budgets and sales programs is given constantly by personal contact with each client company of the sales sponsors of the Electric Bond and Share Company Commercial Department. Such assistance was accorded Idaho Power Company by Messrs. Fiester and Ohles during 1934 and Mr. Parrott during four different visits in March, July and October of 1935.

Other Sales Conferences

5052 An important conference of sales executives of all Electric Bond and Share client companies was held at Nela Park, Cleveland, Ohio on July 2nd and 3rd, 1934, purposely called to inform sales representatives of the importance and value of proper lighting as an aid to human welfare, recently disclosed by the findings of lighting scientists, and to interest them sufficiently so that they through their companies would initiate promotional lighting activities locally towards an attainment of this objective.

Exhibit 91

As a result of the meeting, Mr. Brainard who attended as Idaho Power Company's representative 5053
put into effect a continuous plan of lighting activity that has been productive of unusually good returns.

In the fall of 1935, a regional industrial sales conference conducted by Mr. C. A. Eastman of Ebasco's Commercial Department was held at Boise. The sales representatives present included those from the client companies in the Northwest group. These were assembled to discuss all phases of industrial power development and the sales possibilities in connection therewith.

5054

Individual Sales Conferences

During 1934 and 1935 executives of Idaho Power Company while in New York have had numerous individual conferences with Electric Bond and Share Company executives on commercial matters of various kinds, all of which have had an effect in increasing sales and improving the operating efficiency of Idaho Power Company's sales department.

Mr. L. W. Brainard, Sales Manager of Idaho 5055
Power Company, visited the Commercial Department of Electric Bond and Share Company in the summer of 1935 during which time he conferred with various members of the department relative to sales problems and matters pending at the time.

During this visit, Mr. Brainard had a lengthy conference with Mr. Smiddy, Head of the Commercial Department. Matters of sales organiza-

5056 tion and programs were discussed in considerable detail with the result that definite plans were decided on for definite action.

At this time Mr. Brainard also conferred with Mr. W. E. Parrott, Sales Sponsor for the Northwest Group of client companies relative to sales budgets and programs for the coming year and other sales matters.

Mr. K. M. Robinson during frequent visits to New York in 1934 and 1935 made it a point to give serious consideration to sales matters and spent some time on each visit in conference with
5057 Mr. Smiddy, Head of the Commercial Department of Electric Bond and Share Company.

FIELD VISITS BY SALES SPONSORS

In addition to the visits with Idaho Power Company already mentioned in connection with sales program presentations, sales sponsors of the Electric Bond and Share Company Commercial Department have made frequent other visits to assist Idaho Power Company in their sales promotion and sales problems.

5058 In the winter of 1934, from February 12th to 22nd inclusive, Mr. J. H. Fiester made a comprehensive study of the sales operation of the Idaho Power Company. The report submitted to Idaho Power Company as a result of the study covered the following.

Part I

Characteristics of Territory Served
Organization

Exhibit 91

(a) General Office

5059

(b) Divisional Operations
Residential Sales

(a) Personnel

(b) Methods

(c) Employee Participation

Commercial and Industrial Sales
Farm Sales
Government and Municipal Sales 5060
Dealer Co-ordination

Part II

Detailed information Given to Idaho Power Company

Part III

Ideas Received from Idaho Power Company

1. Crew Method of Selling Lamps 5061
2. Division Appliance Campaign
3. Water Heating Service
4. Assistance from Manufacturers' and Jobbers' Representatives
5. Salesmen's Reports
6. Protection Device for Meters

Exhibit 91

7. Selling Lighting to Members of the
5062 I. G. A.

8. Farmer Cooperative Creamery

Part IV

General Recommendations

1. Industrial Development Plans

2. Commercial Refrigeration and Water Cooling

5063 3. Air Conditioning

4. Personal Quotas on Commercial and Industrial Sales

5. Auxiliary Air Heating

6. Water Heating

7. Prospects for Rental Agencies, Water Applications and Rehabilitation

5064 8. Sales Promotion Activities

9. Salesmen's Compensation

10. Dealer Co-ordination

11. Merchandising Operations

During 1935, in March, July and October, Mr. W. E. Parrott of Ebasco Commercial Department

spent some time with Idaho Power Company in going over and discussing sales policies and plans with various representatives of the company. Among the many subjects discussed are included (a) new business forms and reports (b) dealer sales, promotional activities and advertising (c) F H A financing (d) rural sales program (e) 1935-36 lamp bulb sales promotion materials (f) salesmen's compensation and new business department personnel (g) financing of appliance sales by local banks (h) home lighting (i) air conditioning and attic ventilation and personnel of general office and division sales oganizations, as well as complete 1936 sales plans. 5065 5066

REPORTS

Progress Report

During 1934 and 1935 numerous statistical statements and charts were issued and sent to the Idaho Power Company to denote the progress made by the various client companies, so that they might judge their relative performance. A list of these charts and statements issued periodically included the following: 5067

1—Electric and Gas Operating Revenues by Classes

2—Ten (10) Charts—Increase or Decrease in Monthly Operating Revenues by Classes Over Corresponding Month in Previous Year

Exhibit 91

3—Comparisons of Actual Operating Revenues
5068 for Month and Period from first of Year to date with Sales Budget Estimates for Corresponding periods

4—Gross Merchandise Sales—Electric and Gas Departments

5—Four (4) Charts—Gross Merchandise Sales —Electric and Gas—Percent Increase or Decrease in Monthly Gross Merchandise Sales (Electric and Gas) over Corresponding Month in Previous Year
5069

6—Total number of Electric and Gas Refrigerators, Ranges and Water Heaters Sold from Beginning of Year to Date

7—Comparison of Gross Merchandise Sales and Number of Major Appliances Sold to Date with Previous Year's Sales Budget Estimates

8—Additional Commercial and Industrial Contracts Secured from Beginning of Year to Date
5070

9—Number of Electric and Gas Refrigerators, Ranges and Water Heaters Sold by Companies and Dealers

10—Gross and Net Revenues—Merchandise Sales

11—Consolidated General Business Kilowatt Hours and Mcf Sales

Exhibit 91

12—Electric and Gas Operating Revenues and Merchandise Working Capital in Relation to Sales Budget Estimates 5071

13—Increase in Number of Customers by Classes, Current Month over Corresponding Month of the Previous Year

14—Lamp Bulb Sales Statement

15—Consolidated General Business—Revenues by Groups and Combined Groups 5072

During 1934 and 1935, as in preceding years, other reports issued quarterly have been prepared and sent to the Idaho Power Company. These reports showed:

1—Comparative Sales Performance—Industrial New Business, Major Appliance Sales, Residential Sales per Customer and New Business Expenses

2—Commercial and Industrial Contracts Secured 5073

3—Refrigerator, Range and Water Heater Sales —Electric Department Company and Dealer

4—Graphic Analyses of Company and Dealer Refrigerator Sales

5—Refrigerator, Range and Water Heater Sales —Gas Department

Exhibit 91

6—Lamp Bulb Sales—Total Sales Volume and
5074 Cents per Customer

7—New Business Expense per $100 General Business Revenues—Electric Department

8—New Business Expense per $100 General Business Revenues—Gas Department

9—Gross Merchandise Sales—Electric Department

10—Gross Merchandise Sales—Gas Department
5075

Other statistical sales reports issued during this period included:

1—Comparative Residential Energy Sales per Customer of Ebasco Client Domestic Operating Companies and other Electric Operating Systems in the United States

2—Analysis of Sales Performance in 1934

3—Grand Summary of 1935 Sales Budgets of
5076 Ebasco Domestic Client Operating Companies

4—Seven Sections of Summary of Ebasco Client Company 1935 Sales Budgets:

Section I General Summary of EAR Goals and Selling Costs

Section II Forecasts of 1935 Revenues, Energy Sales and Customers

Exhibit 91

Section III Advertising, Dealer Outlets and Sales Personnel 5077

Section IV Residential Electric Sales Programs

Section V Residential Gas Sales Programs

Section VI Commercial Sales Programs

Section VII Industrial and Government & Municipal Sales Programs 5078

5—Percentage Analysis of Merchandise Sales Performance

6—Summary of 1935-1936 "Better Light—Better Sight" Programs of Ebasco Operating Companies

7—State of Percentage Relationship of Collections and Credits to Total for Customers Service Accounts, etc.

8—Preliminary Summary Tabulations for 1936 Sales Program Budgets 5079

From the analyses of the above and other statements, intermittent supplemental statements and studies were issued throughout the year.

General Reports, Studies and Miscellaneous Materials

Exhibit 91

5080 To learn of experiences of other companies, information about new developments, forewarning of costly experiments that have been undertaken elsewhere, the listing of best practices, advices of new developments in the application of electricity and the way in which to proceed in convincing customers of the advisability of making use of such new developments are all beneficial. Such counsel was secured through the services of an organization such as Electric Bond and Share Company at a lesser cost than it otherwise could be secured. A partial list of reports, studies and miscellaneous
5081 materials bearing on the foregoing, which were forwarded to Idaho Power Company during 1934 and 1935, included the following:

Reports and Bulletins Issued
Idaho Power Company, During 1934

1—Summary of Results of 1933 "Better Light —Better Sight" Fall Lighting Activities of Client Companies—Commercial Department, Electric Bond and Share Company

5082 2—"Better Light—Better Sight" Activities Extended—Commercial Department, Electric Bond and Share Company

3—Application of Electric Equipment in Industry—New York Edison Company

4—Summary of Sales Department Personnel of Client Companies—Data Abstracted from Client Company Original 1934 Sales Budget

Exhibit 91

5—News Item on the Sight Meter—Photostat —News Item "Portland Lights Below Par, New Sight Meter Indicates" 5083

6—Selling Electric Power to Laundries—Houston Lighting & Power Company

7—Red Crown Conversion Electric Water Heating Equipment—Hynes & Cox Electric Corporation

8—Cleveland Heater Sales Manual—Cleveland Heater Company 5084

9—Tests on Electrolux Refrigerators—Commercial Department, Electric Bond and Share Company

10—Industrial Lighting References—Commercial Department, Electric Bond and Share Company

11—National Sales Effort on "Table Cookery"—Electric Bond and Share Company

12—Newspaper Lighting Stories—Copies of Letters and Reproductions of Newspaper "Lighting" Stories Received from Various Client Companies 5085

13—Every Employe a Business Builder—Southern California Gas Company

14—Market Analysis and 1934 Program of Idaho Power Company

Exhibit 91

5086

15—Kansas Gas and Electric Company Co-operative Small Appliance Plan

16—Table Cookery Topics—Edison Electric Institute

17—Sources of Electric Residential Sales—Data from Edison Electric Institute—Revised by Commercial Department, Electric Bond and Share Company

18—Rural Sales—Excerpts from Electric Bond and Share Company 1934 Sales Conference Talks

5087

19—Cooperative Merchandising—Edison Electric Institute Committee Report

20—Dealer Coordination—Excerpts from Electric Bond and Share Company 1934 Sales Conference Talks

21—Promoting Gas Refrigeration Through Utilities and Dealers—Paper presented at the 1934 Southern Southwestern Gas Sales Conference, Memphis, March 24, 1934

5088

22—Employe Sales Letter—Florida Power & Light Company

23—Small Appliance Sales—Excerpts from Electric Bond and Share Company, 1934 Sales Conference Talks

Exhibit 91

24—Gas House Heating Sales—Excerpts from Electric Bond and Share Company 1934 Sales Conference Talks 5089

25—Lighting Sales—Excerpts from Electric Bond and Share Company Sales Conference Talks

26—Reddy Kilowatt—Edison Electric Institute Advertising Service

27—Gas Cookery Sales—Excerpts from Electric Bond and Share Company 1934 Sales Conference Talks 5090

28—Electric Cookery Sales—Excerpts from Electric Bond and Share Company 1934 Sales Conference Talks

29—Westinghouse Sales Plan—Small Appliances

30—Electric Refrigeration Sales—Excerpts from Electric Bond and Share Company 1934 Sales Conference Talks 5091

31—Water Heating Sales—Excerpts from Electric Bond and Share Company Sales Conference Talks

32—Attachable or Detachable Cords for Small Appliances — Questionnaire — Appliances Sub-committee of A E I C

33—Dealer Training Course by Dallas Merchants Association

Exhibit 91

5092 34—Industrial Sales—Excerpts from Electric Bond and Share Company Sales Conference Talks

35—National Housing Survey—U. S. Department of Commerce

36—Gravel and Crushed Stone Manual—West Penn Power Company

37—Report on Wholesale Bread Baking—Commercial Department, Electric Bond and Share Company

5093

38—Report on Mr. Bender's Tour and Air Conditioning Lectures—H. C. Bender—Washington Water Power Company

39—Summary of Client Company Table Cookery Plans—Commercial Department, Electric Bond and Share Company

40—Memphis Power & Light Company 1934 Sales Program

5094 41—Radio Activity Analysis—Columbia Broadcasting Company

42—The Gas Floor Furnace—Memphis Power & Light Company

43—What's Ahead in the Farm Market—Meredith Publishing Company

44—Kitchen Styling Sales Plan—Mississippi Power & Light Company

Exhibit 91

45—Notes on Executive Meetings—A G A Convention 5095

46—Notice of E E I 1934 Air Conditioning Report

47—Rural Running Water Sales Plan E E I Rural Sales Committee

48—Home Cooling Sales Plans—New Orleans Public Service Inc.—Texas Power & Light Company

49—Down Payment, Long Term Payment Policies Governing Merchandise Selling—Commercial Department, Electric Bond and Share Company 5096

50—Suggestions to Client Companies for Participation in the 1934-1935 National Better Light—Better Sight Program—Commercial Department, Electric Bond and Share Company

51—Client Company Comparative Data on Trends of Earnings and Sales up to May 31, 1934 5097

52—Request for Suggestions—1935 Sales Budget—Outline of Sales Program—Commercial Department, Electric Bond and Share Company

53—Partial Operating Log on Diesel Engines at Beverly Globe Ice Plant

Exhibit 91

5098

54—Electric Bond and Share Company 1935 Sales Program—Request for Suggestions —Commercial Department, Electric Bond and Share Company

55—Air Conditioning Bibliographies—U. S. Department of Commerce

56—Summary of Cleveland Electric Bond and Share Company Lighting Sales Conference —Commercial Department, Electric Bond and Share Company

5099

57—Editorial on Air Conditioning—Photostat Editorial New York Sun, July 11, 1934 "We Shall Be Cool"

58—Personalized Home Service—A Plan for Development of Potential Electric Market —Southeastern Electric Exchange

59—The National Housing Act and Business Recovery—Commercial Department, Electric Bond and Share Company (Information and suggestions for Client Companies for

5100

Participation in the National Housing Program)

60—Confidential Data on "Diesel Industrial Plant"—April 1934—"Diesel Power"

61—Industrial and Commercial Applications of Gas—United Gas System Booklet.

Exhibit 91

62—Information on Diesel and Gas Engine Competiton with Purchased Power—Commercial Department, Electric Bond and Share Company 5161

63—"Chill Chaser Campaign"—Commercial Department, Electric Bond and Share Company

64—Summary of Deferred Payment Merchandise Sales Practices—Client Companies—Commercial Department, Electric Bond and Share Company 5102

65—Extra Copies of Information on Engine Competition

66—Employment Application—Power Sales Work (Iliff)

67—Summary of Client Company Plans 1934-1935 "Better Light—Better Sight" Activity—Commercial Department, Electric Bond and Share Company

68—Information from E E I Sales Committee on Diesel Industrial Plants 5103

69—Executives' Sales Trophy for "Chill Chaser" Campaign—Commercial Department, Electric Bond and Share Company

70—Birmingham Car Cards in Connection with "Better Light—Better Sight" Activity

Exhibit 91

5104 71—General Electric Company Proposals for "Billing and Collection of Installment Payments by Central Station"

72—General Electric Company Policy on "Prices on Liftop Refrigerator, Companion Range and Combination Model"

73—The National Housing Act and Business Recovery—3 booklets Released by F H A

74—Dealer Cooperation on Plans 1934-1935 "Better Light—Better Sight". Activity—
5105 Dallas Power & Light Company booklet "Let's See"—Nebraska Power Company booklet "Dealer Lamp Campaign"

75—I E S Student Lamp—Commercial Department, Electric Bond and Share Company

76—Rules Governing the "Chil Chaser" Campaign—Commercial Department, Electric Bond and Share Company

77—Silvray Lamp Contract in St. Paul and
5106 Tests of Boulevard Type Refractors (Reproduction of articles from St. Paul newspapers showing that the Silvray Contract will not be renewed—Tests made by Pennsylvania Power & Light Company on boulevard type refractors)

78—Westinghouse Lamp Company—Lighting Sales Promotion Plan

Exhibit 91

79—Federal Better Housing Program (Meeting—Washington, D. C.—September 12, 1934)—Commercial Department, Electric Bond and Share Company 5107

80—Copies of Texas Power & Light Company "Better Light—Better Sight" Folder

81—General Electric Company's Plan No. 1

82—Mechanical Power Engineering Associates—(Copies of Case Studies, Drive Reports, Work Sheets, etc. from the parent organization) 5108

83—A Modernized Approach to Industrial Sales (Survey Book—106 Check Points) by G. E. Conkling

84—General Electric Lamp Report—Lamp and Lighting Activities Client Companies—June 30, 1933 to June 30, 1934

85—Eligibility of Household Appliance Purchases for Loans under Modernization Credit Plan of the Federal Housing Administration — Commercial Department Electric Bond and Share Company 5109

86—Report on Electric Water Heating Sales Methods—J. H. Fiester, C. M. Killian—Commercial Department, Electric Bond and Share Company

Exhibit 91

87—Municipal Street Lighting—Public Safety
5110 as Affected by Street Lighting—Paper presented at Annual Convention Illuminating Engineering Society—in Baltimore by R. E. Simpson

88—Copies of Texas Power & Light Company—"Better Light—Better Sight" Program

89—The National Housing Act and Business Recovery (Interchange of letters between Mr. C. E. Groesbeck and Mr. James Moffet Summary of talk in New York by Mr. Canady, F H A)—Electric Bond and Share
5111 Company

90—Comparative Residential Energy Sales per customer Client Company and Other Electric Systems—Commercial Department, Electric Bond and Share Company

91—Federal Housing Program (Request for information on the extent to which Client Companies are tying in with Federal Housing Program and results secured thus far)
5112 —Commercial Department, Electric Bond and Share Company

92—Air Circulation as a part of Air Conditioning (Excerpt from an article on "Aerologist")

93—Industrial Check Chart Booklets

Exhibit 91

94—Syndicate Sales Managers' Meeting (Notes on rental of appliances and on other feature European practices) 5113

95—Sales Possibilities for Small Dealers through proper planning

96—Some Examples of Diesel Engine Replacements, Failures, Repairs and Prices

97—Charts and Memoranda on Experience of Water Heater Sales by New Orleans Public Service Company 5114

98—Sales Program for 1935—General Sales Policies; Residential Sales, Parts I and II; Industrial Sales; Commercial Sales; Farm, Government and Municipal Sales—Electric Bond and Share Company

99—Analyses of Sales Performance (Major Domestic Operating Companies) Electric Bond and Share Company

100—Report of Judges on Award of Executive Sales Trophies for Chill Chaser Campaign —Electric Bond and Share Company 5115

101—Notes on Meeting of Managing Committee, Commercial Section, A G A, Cleveland, Ohio, December 14, 1934

102—Clipping "Sales Ability Vital to Spur Buying Power"

Exhibit 91

Reports and Bulletins Issued to Idaho Power Company Up to and Including October 31, 1935

5116

1—G E Air Conditioning Schools

2—G E Bulletin—"The Finance Dollar"

3—Tempering Jacketed Water Heater—Minnesota Power & Light Company

4—Electric Bond and Share Company Engineering Conference

5117

5—A G A Window and Store Display Bulletin

6—Notes on G E Sales Conference at Cleveland

7—Literature of National Ice Marketing Service

8—Analysis of the Optical Industry

9—The National Housing Act and Business Recovery—Electric Bond and Share Company

5118

10—Business Recovery and the National Housing Act—Electric Bond and Share Company

11—Homecraft Workshops—General Electric Company

12—Electrical Merchandise Methods of Department Stores—National Retail Drygoods Association

Exhibit 91

13—Gas Light Development and Competition—Electric Bond and Share Company 5119

14—Coleman Automatic "Electro-Brew" Coffee Maker—Electric Bond and Share Company

15—Accounting Bulletin—Electric Bond and Share Company

16—Federal Housing Booklet on Farm Electrification

17—Analyses of Sales Performance—Year 1934—Electric Bond and Share Company 5120

18—1935 Sales Program—Texas Electric Service Company

19—1935 Dealer and Employe Sales Plans of Memphis Power & Light Company

20—Budgetary Control for Public Utilities—Electric Bond and Share Company

21—Grand Summary of 1935 Sales Budgets—Electric Bond and Share Company 5121

22—Budget Summary—General Summary of E A R Goals and Selling Costs—Electric Bond and Share Company

23—Excerpts from the 1935 Dealer Co-ordination Plan of Pennsylvania Power & Light Company

Exhibit 91

24—Fundamentals of Electric Utility Business
5122 and Regulation

25—Excerpts from 1935 Industrial Sales Program of Pennsylvania Power & Light Company

26—1934 Air Conditioning Report—Central Arizona Light and Power Company

27—Budget Summary—Forecasts of 1935 Revenues, Energy Sales and Customers—Electric Bond and Share Company

5123

28—Budget Summary—Advertising, Dealer Outlets & Sales Department Personnel—Electric Bond and Share Company

29—Comments on Book "Fundamentals of Utility Business and Regulation"

30—Texas Press Opposition to Anti-Utility Merchandising Legislation

31—Texas Power & Light Company Drive on
5124 Low Use Customers with Liftop Refrigerator

32—Budget Summary—Residential Electric Sales Programs—Electric Bond and Share Company

33—Budget Summary—Residential Gas Sales Programs—Electric Bond and Share Company

Exhibit 91

34—Judges Award of Presidents' 1934 Northwest Sales Trophy—Electric Bond and Share Company 5125

35—American & Foreign Power Company Inc. —1935 Sales Program—Electric Bond and Share Company

36—Budget Summary—1935 Commercial Sales Program—Electric Bond and Share Company

37—New York Utilities Re-engage in Merchandising of Electrical Appliances 5126

38—A Commercial "Better Light—Better Sight" Lighting Promotional Plan—Electric Bond and Share Company

39—Budget Summary—Industrial and Government & Municipal Sales Programs—Electric Bond and Share Company

40—West Penn Electric Company Laundry Sales Manual 5127

41—Anti-Merchandise Activity in Local Municipalities

42—"The Electric Home" by E. S. Lincoln

43—March 1935 Issue of "Diesel Power"

44—Homecraft Workshops—Pacific Power & Light Company

Exhibit 91

45—Gas Engines for Power—American Gas Association 5128

46—Home Lighting Kit of Houston Lighting & Power Company

47—1935 Sales Program—United Gas System

48—"Save by Modernizing Electrically"

49—Liftop Refrigerator Campaign Conducted by Emprezas Electricas Brasileiras S. A.

50—Better Housing Sales Manual—Federal Housing Administration 5129

51—1935 Rural Sales and Promotional Activities by Ebasco Operating Companies—Electric Bond and Share Company

52—Present Market Status of Liftop or Chest Type Electric Refrigerators—Electric Bond and Share Company

53—General Sales Meeting of Public Service Electric and Gas Company 5130

54—"Why do we Buy" Excerpt from Article in The Reader's Digest—March 1935

55—"High Speed and a Short Life"

56—1935 Rural Sales and Promotional Activities—Electric Bond and Share Company

Exhibit 91

57—Home Service Directors' List—Electric Bond and Share Company 5131

58—1935 Residential Sales Program—Minnesota Power & Light Company

59—Brief in Opposition to Bill to Prohibit Utility Merchandising—Philadelphia Electric Company

60—Engineering Service Agreement Reported Used by Fairbanks-Morse Engineers

61—Finance Plan for Memphis Dealers—Memphis Power & Light Company 5132

62—Rural Electrification—Memorandum of Conference on May 7, 1935—Electric Bond and Share Company

63—Results of Rental Activities with Respect to Promotion of House Heating Equipment in Chicago

64—Analyses of Sales Performance First 3 Months—1935—Electric Bond and Share Company 5133

65—Trend of New Business Expenses—Electric Bond and Share Company

66—Present Status of Rural Electrification Programs in Territory of Ebasco Operating Companies—Electric Bond and Share Company

Exhibit 91

67—AGA—Comparative Water Heating Tests
5134 and Plan for Use as a Direct Sales Aid

68—Dealer Co-ordination—Electric Bond and Share Company

69—Purchases of Merchandise by Ebasco Companies—Electric Bond and Share Company

70—Window Shopping Nights—An Interesting Plan for Promoting Better Commercial Lighting—Pennsylvania Power and Light Company
5135

71—Home Cooling by Attic Ventilation—Sales Plans of Texas Power & Light Company

72—Final Results and After Effects of Chill Chaser Campaign—Electric Bond and Share Company

73—Report Re Merchandising of Electrical Appliances by Hydro Municipalities

74—Papers Presented at Interstate Power Club
5136 Meeting

75—A G A Executive Conference—Atlantic City, N. J. May 31, 1935

76—"Memories of the Spring House"—The True Selling Appeal of Electric Refrigeration

77—Selling the Commercial Market—Booklet by Philadelphia Electric Company

Exhibit 91

78—Commercial Refrigeration Sales—Electric Bond and Share Company 5137

79—Tennessee Public Service Company Resumes Sales Activities in Knoxville

80—Automobile Engine Competition—Kansas Gas and Electric Company

81—Suggestions for Improvement and Revision of Ebasco Sales Budget

82—Suggestions for Ebasco 1936 Sales Program 5138

83—Revised Regulations of Federal Housing Administration

84—Diesel Engine Correspondence School

85—Conservation of Company Cash through Utilization of F H A Financing

86—Comparison of Gas and Electricity for Residential Cooking, Water Heating and Refrigeration 5139

87—Power Sales Progress in Pennsylvania—Pennsylvania Power & Light Company

88—Sales Methods and Results 1934-1935 "Better Light—Better Sight" Campaign—Electric Bond and Share Company

89—Suggestions to Ebasco Companies for Participation, 1935-1936 National "Better

Exhibit 91

Light—Better Sight" Program—Electric
5140 Bond and Share Company

90—Conservation of Cash through Federal Housing Act Financing of Appliances

91—Appliance Installment Sales Policies

92—Rural Electrification

93—Copies of List for Distribution of Letters, Data and Promotional Material—Electric Bond and Share Company

5141

94—Notes on Meeting of Utility Executives—Cleveland—July 31, August 1, 2, 1935

95—NEMA Questionnaire Concerning Range and Water Heater Wiring Installation

96—Hotpoint Fall Range Campaign

97—Information on Diesel Engines—Chicago Pneumatic Tool Company

5142 98—Prize Awards in A G A National Sales Contest

99—Analyses of Sales Performance and Statistics—First 6 Months 1935—Electric Bond and Share Company

100—Ebasco Engineering Diesel Letters 80, 81, 82, 84—Electric Bond and Share Company

Exhibit 91

101—New Light Prescribing Booklet by Better Vision Institute 5143

102—Percentage Analysis of Merchandise Sales Performance—Electric Bond and Share Company

103—Lighting Sales News Sheet—Incandescent Lamp Department of General Electric Company

104—Summary of 1935-1936 "Better Light—Better Sight" Programs of Ebasco Companies—Electric Bond and Share Company 5144

105—Important Points in Interior Display

106—Simplified Application of F H A Finance Plan—Idaho Power Company

107—Commercial Sales Outlets (AGA Industrial Service Letter No. 22)

108—Sources of Credit Available to Farmers for Financing Electric Wiring and Appliances 5145

109—Report on Red Wing Rural Electrification Project in Minnesota

110—Useful Information Pertaining to Electrical Services for Drug Stores—West Penn Power Company

111—Ford V-8 Engines in the Industrial Field

Exhibit 91

5146 112—Present Status of Selling Refrigerators by Department Stores

113—A Plan for Commercial and Industrial Campaigns

114—The Importance of the Electrical Contractor in Selling the Industrial Market—Electrical Contracting

115—Diesel Fuel Taxes Increasing

5147 116—Minutes of E E I Sales Committee Meeting September 17, 1935

117—First Annual Commercial Gas Sales Symposium—American Gas Association

118—Fairbanks Morse & Company—General Engine Lease

119—Rural Electrification (Memo 10-9-35—W. W. Freeman—Rural Electrification Administration Release No. 32)

5148 120—Ebasco Sales Suggestions for 1936 (8 Booklets: General Summary; Advertising; Residential I, II, III; Commercial I, II; Industrial)—Electric Bond and Share Company

121—Analysis of Sales Performance and Costs —9 Months Ending September 30, 1935—Electric Bond and Share Company

Exhibit 91

122—Classification of Revenue and Service and Definition of a Customer (Booklet, Operating Division, Accounting Department)—Electric Bond and Share Company 5149

123—South's Increasing Prominence in Pulp and Paper (Reprint from Manufacturers Record, October 1935)

124—Statement of Percentage Relationship of Collections and Credits to Total for Customers Service Accounts, etc.—Electric Bond and Share Company 5150

125—Notes on Meeting of Managing Committee, Commercial Section, A G A, Palmer House, Chicago, Illinois, Friday, October 18, 1935

126—Bakers' Hope of New Deal by Freezing (Reprint)

127—Booklet to Sell Complete Electric Service—Florida Power & Light Company

128—Papers Presented by Ebasco Operating Company Sales Managers at Sales Conference, New York City, October 21, 22 and 23, 1935 5151

An extensive correspondence and communication by the Commercial Department was carried on with, and in behalf of, the Idaho Power Company.

Correspondence between the Commercial Department and other departments of Electric Bond and

5152 Share Company with outside contacts on matters pertaining to sales policies and negotiations, which concern the Idaho Power Company and in turn have a bearing on their operations included a considerable number of letters during the period under consideration.

During 1934 and 1935 representatives of Electric Bond and Share Company Commercial Department took active part in the following associations and served on committees for the benefit of Idaho Power Company and other client companies:

5153 Edison Electric Institute
Commercial Section
Better Light—Better Sight Bureau
Kitchen Modernizing Bureau

Syndicate Sales Managers Association
Lamp Committee

Sales Managers Association

Association of Edison Illuminating Companies
Appliance Sub-Committee

5154 Electro Chemical Society

American Gas Association

Managing Committee

National Advertising Committee

American Institute of Electrical Engineers

Exhibit 91

The membership of these committees and associations includes men of long experience in the utility and other commercial fields and through these committees and associations numerous benefits have accrued to the client companies of Electric Bond and Share Company. 5155

Contacts with commercial credit organizations, whose headquarters are in and near New York, has enabled Electric Bond and Share Company's Commercial Department to make a thorough study of the costs of carrying time payment sales. Observations as regards the financing of instalment sales of electrical appliances have been maintained over a number of years. As a result, a comprehensive study of instalment financing practices by a special sponsors committee was made possible. This was done in 1935 and the report of the committee's conclusions was issued to all client companies, including Idaho Power Company, in August 1935. Periodic reports on the subject of instalment financing are frequently issued also to all client companies to keep them advised of changing trends and developments in instalment selling. 5156

Since Federal Housing Administration and Rural Electification Administration have begun to function, the Commercial Department of Electric Bond and Share Company has taken an active part in studying the effects on utility sales programs of these governmental agencies. The department's representation on committees that have been in direct conference with the above administrations has made it possible to advise client companies promptly and accurately whereby they have been able to shape their local sales activities to allow for effects of such new governmental developments. 5157

5158 On the basis of information and advice conveyed to them by the Commercial Department, Idaho Power Company has, for instance, cooperated with local banks so that the latter have adopted the F H A plan of financing the sales of electrical appliances made to customers by many dealers in Idaho. Assistance also has been given to acquaint the dealers of electrical equipment with the advantages of the F H A plan worked out by the banks.

Likewise the Commercial Department of Electric Bond and Share Company has collected and consolidated data on rural electrification from its various client companies in order that they might
5159 reappraise their rural markets most accurately as the program of the Rural Electrification Administration was developed. Idaho Power Company, in keeping with its long-time policy, has taken aggressive action towards the intensive promotion of rural electrification within the territories served.

ACCOUNTING SERVICES

(SEE PAGE 25 EBASCO BOOKLET)

Sponsor Accountants

5160 The Sponsor Accountants assigned to the Idaho Power Company during the period under review acted in an advisory and consulting capacity in regard to accounting matters. They reviewed the financial and operating reports of the Company, assisted in the annual closing of the financial records, and in discussions of accounting matters with the independent auditors. They prepared financial reports for publication and made studies of accounting and operating costs, and statistics for the use of the management.

During the year 1934, the Assistant Sponsor Accountant assigned to Idaho Power Company visited the office of Idaho Power Company in Boise, Idaho, to confer with the executives and financial officers relative to accounting matters. 5161

During this visit, he reviewed the fixed capital and retirement accounting procedure. He also made a study of accounting methods and procedures, including the general ledger, voucher register, cash books, operating ledgers and other records. Bound cash books were recently replaced by loose-leaf records, which type of record is now being used exclusively.

The various accounting forms in use were reviewed for the purpose of determining if any forms could be simplified or eliminated. A number of stores accounting forms were recommended to be revised in accordance with recommendations of the stores specialist. The company had considered the substitution of a semi-monthly report for each automobile in lieu of the present mileage ticket basis for reporting mileage use of automobiles. After discussion with the officials and employes, it was decided that the use of mileage tickets was better suited for their needs. 5162

It was suggested by the Assistant Sponsor Accountant that daily time tickets be discontinued wherever possible and that a predetermined distribution of labor charges based on study of employes' duties and distribution for prior years be used for distribution of charges to operating expense accounts, with time tickets prepared for labor charges on construction work. It was agreed to made a study of the payrolls to determine the extent to which a predetermined distribution was practicable. 5163

Exhibit 91

The transfer of some of the automobile and pay-
5164 roll accounting work now being done in the General Accounting department to division offices was discussed with a view of relieving the General Accounting department of the great amount of detail work involved in summarizing this work by divisions which might be done in the division offices. The above work is now being done in the General Accounting department during the end of the month peak and tends to slow up the monthly closing of records. It is believed that with the simplification of payroll distribution and staggering of
5165 closing dates, the division offices can take care of this additional work.

A complete review of the credit and collection policy of the Company was made and discussed with the officials, also a study was made of the delinquent accounts and collection trends.

In order to eliminate the monthly peak of work in the closing of books and the compilation of monthly reports and statements, it was suggested that the payroll records be closed on the 25th of the month, and the closing date of various other records be staggered.

5166 A study was prepared in conjunction with the officers of the Company, of the apportionment of expenses to merchandise operations as affecting the purchasing and handling of merchandise appliances and new business department expenses.

Balance sheet accounts were reviewed, and the status of receivables, investments, development charges, suspense items and purpose and adequacy of reserve accounts was examined.

Exhibit 91

General expenses of the general office and divisions for the twelve month period ended July 31, 1934 were reviewed. 5167

Statements were prepared showing the trend of collections to billing for customers service and merchandise accounts, comparison of maintenance and retirement reserve charges for recent years, analysis of customers, stores, and automobile expenses and statistics, and charges to uncompleted development of power sites.

During the year 1935, the Assistant Sponsor Accountant visited Idaho Power Company at Boise. A study of the company's operations was made and discussed with the interested executives and financial officers. The scope of work reviewed and discussed is as follows: 5168

A comparison of the condition of service and merchandise accounts receivable and the results of the collection policy was made. Through this study it was discovered that the rate for the accruing of uncollectible accounts reserve-service could be reduced.

After reviewing and discussing the financial and operating reports, it was recommended that some minor changes be made in order to present certain facts more clearly. 5169

From time to time there are various suggestions made by Electric Bond and Share Company which have been found to be a benefit to client companies. Those suggestions are in the form of "Accounting Bulletins". The "Accounting Bulletins" for the past months were discussed and it was found that the company was following the suggestions contained therein.

Exhibit 91

Report of the independent auditors—Haskins &
5170 Sells' Report on Examination of Idaho Power Company for the twelve months ended December 31, 1934 was reviewed.

The general ledger accounts were reviewed.

Payroll distribution was analyzed, and with minor exceptions was found to be correct. As the result of a discussion with the company officials, a study will be made to determine the amount of time each employe devotes to customers' accounting. The result of this study will enable the Company to pro-rate to customers' expense that portion of payroll by which it should be effected.

5171 New business expenses are apportioned to merchandise operations on a percentage basis. In view of the increased merchandise activities, it was agreed that further study would be given this subject with the view of a possible adjustment of the rate of apportionment of new business expenses to merchandise.

As a result of the study of accruals made to the Purchase and Stores Equalization Reserve, it was found that a reduction should be made.

The balance in the Casualty and Insurance Reserve Account and accruals thereto were found to be
5172 in line with the needs of the Company.

A plan was outlined and discussed with company officials for control of "Dividend Checks" which are issued over the facsimile signature of the Treasurer. This plan, if followed, should account for every check, including voided checks.

Review of Stores and Storeroom—A visit was made to two storerooms located in Boise, and to the pole yard. It was recommended that if possible the

two storerooms be consolidated at one location and a wider use of bin description cards be used. In the pole yard it was suggested that the poles be segregated according to size and placed upon skids built at truck-bed height. This would permit quicker loading and less handling of poles. 5173

Correspondence

In addition to these visits, the Sponsor Accountant and his staff corresponded with the accounting office of Idaho Power Company on accounting matters brought up through examination of the Financial and Operating Reports and through the reports of the annual audits of the Company. 5174

Materials and Supplies Control

The Electric Bond and Share Company furnished Idaho Power Company with a Materials and Supplies classification, the purpose of which was to insure adequate control of inventories and thereby to reduce the loss from obsolete and non-standard materials.

With the assistance of other employees of Electric Bond and Share Company, the accountant specializing in Materials and Supplies control prepared a manual on Uniform Purchasing, Stores and Stores Accounting Procedure for the operating companies receiving the services of Electric Bond and Share Company. This manual, dated December 1, 1932, is a complete guide to purchasing and stores organization and routine, handling and storage of materials and supplies, and stores ac- 5175

counting. It contains forms and instructions for
5176 their use. Many of these forms are now used by Idaho Power Company.

The Stores Specialist of Electric Bond and Share Company visited Idaho Power Company at Boise, Idaho in 1934. He made an exhaustive study of the investment in materials and supplies, stock turnovers, obsolete and non-standard materials, purchase and store expenses, inventories, reserves, and procedure. As a result of the study recommendation was made to place the materials and supplies stocks carried at all points outside of the division storerooms on an imprest basis. The
5177 establishment of imprest stores to control merchandise repair parts, carried in local offices, in which the company had a substantial investment, resulted in a reduction in the investment in these items.

The adoption of the use of the Imprest Stores plan to control the operating, maintenance and construction materials carried at points outside of the division storeroom resulted not only in a substantial reduction in the paper work required but also permitted reductions in the stores and stores
5178 accounting expenses of the Company.

Recommendation was made to establish a Purchase and Stores Equalization Reserve and also an Inventory Adjustment Reserve for operating, maintenance and construction materials.

Recommended that a committee on standard materials be appointed:

1. To establish standard materials for use by the Company.

2. Dispose of all surplus non-standard and obsolete materials on hand. 5179

3. Approve the purchase of all materials and supplies not previously carried in stores.

Recommendations were also made for changes in procedure and realignment of personnel.

A detailed report of his study was submitted to the officials of the Idaho Power Company.

Federal Power Specialists

The Federal Power Commission requires that 5180
licensees constructing hydro-electric plants under the Commission's supervision be controlled by and report construction costs and other data in accordance with the regulations of the Commission. Idaho Power Company, having secured licenses under the Federal Water Power Act, is of necessity subject to the requirements of the Federal Power Commission. The Electric Bond and Share Company has available on its staff the services of an accountant who has devoted many years to the study of Federal Power Commission regulations and who has supervised the accounting and assisted 5181
in the preparation of the reports required by the Commission for many similar projects of client companies. While no visits have been made to the Boise office of the Idaho Power Company in connection with that Company's projects, considerable time has been given in assisting in the preparation of and review of reports created in the office of the Idaho Power Company. The fol-

5182 lowing illustrate some of the services of this nature which were rendered to Idaho Power Company. During the year 1934, there were prepared and filed with the Federal Power Commission reports covering projects as indicated below:

Project	*Nature of Report*	*Period Covered*
	Changes in Net Investment	Year 193
Lower Salmon	Annual Operating Report	Year 193
Swan Falls	Changes in Net Investment	Year 193
	Annual Operating Report	Year 193

5183 During the year 1935 the following:

Lower Salmon	Changes in Net Investment	Year 193
	Annual Operating Report	Year 193
Swan Falls	Changes in Net Investment	Year 193
	Annual Operating Report	Year 193

5184 The operating report referred to is an annual report required by the Federal Power Commission for each licensed project. Its object is to determine the return on each project for the purpose of administration of the Water Power Act. The report calls for answering numerous general questions and the submission of eighteen supporting schedules.

Exhibit 91

"Systems and Methods" Section of Accounting Department

5185

Among the forms, procedures, and other services rendered to Idaho Power Company which were prepared by, or with the assistance of this section, the following are cited:

Financial and Operating Report

The Financial and Operating Report forms used by Idaho Power Company were designed by Electric Bond and Share Company. These reports present the data required by the operating executive and by other departments of Idaho Power Company in a most concise form. The size and contents of the report were completely revised at the beginning of the year 1929, with a consequent reduction of sixty percent in the number of pages and making the completed report available each month some ten days earlier and at less expense. Subsequent revisions were made during 1933 and 1934.

5186

This report was the cumulative result of several years of study by members of various departments of the service organization. It included a thorough study of the reports of regulatory commissions, other service organizations, non-associated operating companies, and companies in other industries.

5187

Economy in printing was secured both as a result of quantity buying, and by arranging for the printer to carry a large stock of the forms comprising the report available for immediate shipment to client companies in small quantities, as required, at prices applicable to the printing of large quantities.

The report provides full information concern-
5188 ing balance sheet, income, and operating accounts and statistics for each class of public utility service rendered. It sets forth the total general expenses by classification before apportionment to operating department expense or to other accounts in order that proper control may be maintained over these expenses. It includes a report of employees and payroll by classification which enables a proper study of this large item of expense in the interest of efficiency and economy. It also includes an analysis of new business and merchandise operations which tends to insure the maximum
5189 results for the expense involved.

Forms comprising this report are studied continuously, and revisions are made as improvements are devised.

Classification of Accounts

Idaho Power Company is using the classification of accounts devised and recommended by Electric Bond and Share Company. This classification of accounts is in accordance with the uniform national classification of accounts pre-
5190 scribed by the Public Utilities Commission of Idaho and the Public Utilities Commissioner of Oregon.

The Electric Bond and Share Company classification of accounts further provides for the segregation of general expenses in one group of accounts for the purpose of study and control before apportionment to operating expenses and to other accounts.

This classification is revised from time to time, as circumstances render such revision advisable. 5191
For example, due to the presence of accounts and notes receivable which were obviously not subject to current settlement, in recent years, it became necessary to provide accounts for these items to correctly and conservatively reflect them on the balance sheet of the Company. The balance sheet accounts were therefore revised at January 1, 1934, to provide for this and other requirements. The Federal Securities Act of 1933 and other recent developments have made certain changes in the form of financial statements advisable, but 5192
the changes do not amount to a departure from the prescribed classification which permits the further breakdown of any account as long as the integrity thereof is not impaired.

Accounting Bulletins

The various sections of the Operating Accounting department of the service organization have carried on a continuous correspondence with the accounting departments of the various client companies, giving opinions, on request, as to the proper 5193
interpretation of prescribed classifications of accounts, as to the correct accounting treatment of specific transactions or classes of transactions, and as to other related matters of interest and assistance to the accounting officers of the client companies.

Bulletins on various accounting subjects were prepared and sent to all client companies, including Idaho Power Company, when of general interest.

Exhibit 91

Expenditure Requisition System

5194

The Expenditure Requisition System received by Idaho Power Company from Electric Bond and Share Company has materially assisted the management of Idaho Power Company in controlling the investment of the cash resources of the Company in the necessary additions to fixed capital. It also amplifies the provisions of the prescribed classification of accounts with respect to the accounting procedure for fixed capital additions and retirements.

5195

Report on Customers Accounting

A member of the Systems and Methods section and an accountant specializing in Customer Accounting on the staff of Electric Bond and Share Company, collaborated in the production of a "Report on Customer Accounting". This is a brief manual recommending policies and practices in connection with customer accounting, credits and collections, and related subjects, which policies and practices have been successfully followed by many
5196 operating companies in various parts of the country. The accounting officer of Idaho Power Company received copies of this manual.

Uniform Purchasing, Stores and Stores Accounting Procedure

This is a manual received by Idaho Power Company from Electric Bond and Share Company which contains a complete procedure on these related subjects.

Exhibit 91

The manual embodies the cumulative result of several years work of members of the Operating Accounting department of Electric Bond and Share Company who specialize in this subject, assisted by other members of this and other departments of the service organization. The manual was reviewed by specialists in the systems departments of three of the leading manufacturers of accounting machines, each of whom prepared an appendix describing the application of the machines manufactured by his company to the procedure for which the manual provides. 5197

Contacts 5198

In addition to the continuous contact maintained with client companies by visits and by correspondence, contacts are maintained by members of the Operating Accounting department of Electric Bond and Share Company with representative accounting specialists of the large non-affiliated operating companies and of many other service companies. Information and experiences relating to customer accounting, materials and supplies control, fixed capital and general accounting, and other problems are frequently exchanged. 5199

Members of the Operating Accounting department have many contacts with representatives of large manufacturers of accounting equipment and office devices. They were in a position to advise the Accounting Officer of Idaho Power Company of new and useful developments in this field and to counsel with him in the choice of equipment.

Exhibit 91

Statements and Studies

5200 Detailed studies of financial, operating, and statistical data have often led to the discovery and investigation of high unit costs in some companies and low unit costs in others—of efficient and inefficient operation. Investigation, following such studies, usually resulted in the determination of the most economical and efficient methods and made it possible to apply these methods to improve the economy in companies which have not reached the maximum point of efficiency.

5202 The Operating Accounting department of Electric Bond and Share Company creates the uniform procedures, systems, and reports necessary for reliable comparisons; it continuously makes such comparisons and analyses; it investigates, by correspondence or by personal contact, the situations where exceptionally high or low costs are revealed; and it brings such situations to the attention of the officers of the client companies involved, suggesting remedies, where applicable.

5201 A permanent section of the Operating Accounting department of the service organization has constantly engaged in making the studies and comparisons necessary to the performance of this service. Not only are studies made for the benefit of other sections of the accounting department, but special studies were made to assist the executive department, the operating sponsors, the sales and new business department, and other departments of Electric Bond and Share Company in their service to Idaho Power Company.

Exhibit 91

Various studies of payroll expense, customer costs, etc., have been prepared and furnished to the officers of Idaho Power Company showing them the relation of such costs in their Company to corresponding costs in other companies receiving the services of Electric Bond and Share Company. 5203

BUDGET SERVICES

(SEE PAGE 25 "ACCOUNTING DEPARTMENT" EBASCO BOOKLET)

A comprehensive system of forecasting and budgeting to promote the most complete and effective administrative control of construction expenditures, operations, earnings and cash receipts and disbursements was made available to Idaho Power Company. The services of the Budget Department were placed at the full disposal of the Idaho Power Company's own officials and staff in the installation and supervision of these systems, which cover every phase of the Company's operations. 5204

The budgeting and forecasting systems referred to above comprised the following:

5205

A) *The Master Budget,* a medium of projecting the balance sheet together with certain supporting schedules with summaries of estimated income, estimated cash receipts and disbursements, construction budgets, sales budget data and transfers between balance sheet accounts not included in operating and cash budgets.

Exhibit 91

B) *The Operating Budget,* a medium for fore-
5206 casting revenues, expenses and all elements affecting income and profit and loss. Its particular purpose was to assist in the planning and control of expenses and, accordingly, provide for a detailed analysis of proposed operating expenses for each department or functional unit of the Company.

C) *The Sales Budget,* a medium of forecasting the operating revenues of the Company which supports the operating revenues shown in the Operating Budget. The fundamental function,
5207 however, of the Sales Budget was to aid in the intelligent design, supervision and control of sales effort by providing a comprehensive plan for all sales, advertising and promotional activities.

D) *The Construction Budget,* a medium for the planning and control of the Company's property addition and improvement program. The Construction Budget was the means by which the program of capital expenditures was co-
5208 ordinated with the other budget plans. It provided that consideration of essential property needs be made in the light of limitations imposed by expected earnings and financial resources of the Company.

E) *The Cash Budget,* a medium for estimating all cash receipts and disbrusements for twelve months' periods and for indicating by months the new money that will be required or the

surplus available. By means of the Cash Budget, the Company was enabled to anticipate month by month when its need for money would occur, to provide most advantageously for its cash requirements, and to plan its finances in a forehanded manner, both for short terms and for long periods. The Cash Budget was so designed as to perform the important function of summarizing the estimated contained in the Sales, Operating and Construction Budgets converted to terms of cash receipts and disbursements. It was also the means of setting forth the expected financial operations of the Company not covered by the other budgets. 5209 5210

F) *Cash Control and Conservation System*, a series of reports for keeping track of cash balances and movements, for analyzing in detail the actual income and outgo of cash in comparison with previous forecasts, and for analyzing current assets and liabilities. This report set forth all the operations of a company on a purely cash basis so that operations might be controlled from the standpoint of their effect upon the cash position of the company. 5211

G) *Cash Situation Statement*, covering a thirty-day period, indicating exactly when and where the Company would need cash, if any, and how its interest, sinking fund payments and other fixed commitments were to be met.

Exhibit 91

5212 The budgets and statements enumerated above, when submitted by Idaho Power Company, were carefully studied, checked and analyzed by the Budget Department. This also applied to Amendments to the Construction Budget and any revisions that might be made during the year of the Sales, Operating and Cash Budgets. The Budget Department also reviewed the budgets with the supervising sponsor, sponsor engineer and accounting sponsors and others concerned from the standpoint of the reasonableness of the forecast presented by the budgets and the probability of such
5213 forecasts being realized, and then presented to the Company for consideration the revisions and changes in the budgets recommended as a result of the study and review made of them.

There was also brought to the attention of the Company any improper methods used by them in the preparation of the budgets and also any errors that were discovered in the budgets when they were checked by the Budget Department.

The Budget Department also closely followed the comparison between actual and estimated results so as to promptly detect any fundamental
5214 weakness that might exist in the forecasts and bring to the attention of the Company the manner in which the operations were deviating from the budget plan of operations.

The Budget Department installed and aided in the supervision of the operation of the budget system of Idaho Power Company by correspondence and visits to the field. Also, it indicated to the Company how proper use of the budget system, which constitutes a comprehensive plan of opera-

tion covering every phase of the Company's business, would be an effective means of exercising a more complete administrative control over the operations of the Company. Whenever a member of the Budget Department visited the Company, consideration was given to methods and personnel employed by the Company in developing and preparing their budgets, with a view of offering suggestions and advice as to how the forecasts could be improved and also how economies might be made in the cost of preparing the budgets. There was made available to Idaho Power Company the benefits of studies and comparisons made by the Budget Department of results obtained by various companies in their budget work. Budget methods and procedures were investigated to discover means of improving the usefulness of the budget system to the Company. 5215 5216

The Budget Department studied and analyzed the Cash Control and Conservation Reports and brought to the attention of the Company conditions disclosed by these reports that should have been given consideration. Special studies were prepared to assist the Company's officials in formulating the financial policies of the Company. 5217

The monthly Cash Situation Statement of the Company was reviewed by the Budget Department and assisted the Company's officials in arranging for the necessary transfer of funds between New York and Boise and in the investment or disposition of the funds of the Company.

The Budget Department installed the budget system in Idaho Power Company and since its installation, through constant correspondence and

contact with the Company's officials, has assisted
5218 in the supervision of the operation of the system.

In 1934 the Budget Department prepared for the use of its client companies a booklet entitled "Budgetary Control For Public Utilities". This booklet sets forth in the fundamental function and purpose of budgetary control and budgetary procedure and was based on years of experience of the Ebasco organization and its client companies as well as on extensive research carried on by Budget Department of the budgetary methods used by other organizations, both in and out of the public
5219 utility industry, in their budget work. The purpose of the booklet was to afford each client company an opportunity to review their budgetary aims and methods to the end there may be secured the fullest possible realization of the advantages obtainable from intelligent and systematic budgetary control.

TAX DEPARTMENT SERVICES

(SEE PAGE 25 EBASCO BOOKLET)

The accountants of the Tax Division made
5220 periodical computations to determine the current income tax liability and to check the amount actually accrued therefor on the company's books. This computation gave due effect to the intricacies of the Federal income tax law in the determination of the statutory net income and was necessary for the proper presentation of the company's current tax liability. The company was advised as to the method to be used in setting up the book accrual

and as to the adjustments necessary as a result of the periodical computations made by the Tax Division. 5221

The actual tax liability was based upon the final return filed. The company was informed during the early part of the years 1934 and 1935 the amount of tax liability for the calendar years 1933 and 1934, as reflected by tentative returns filed in March 1934 and 1935. Further information relative to the tax liability was furnished to the company concurrently with the filing of final returns.

Tax questionnaires were sent to the company which were answered and returned to the Tax Division in lieu of the preperation by the company of the tax returns. Tax returns for the years 1933 and 1934 were prepared by the Tax Division in the following years. 5222

Section 701 of the Revenue Act of 1934 imposed a Federal Excise tax upon domestic corporations engaged in business beginning with the year ended June 30, 1934; the tax so imposed to be measured by the adjusted declared value, for tax purposes, of the capital stock at the rate of $1.00 of each $1,000.00 of such declared value. The law provided that the adjusted value for tax purposes should be determined by the taxpayer and could not be amended or changed except in subsequent years as prescribed by the provisions set forth in the Act. Section 702, of the same act, imposed an "Excess-Profits" tax based at a rate of 5% of the excess of earnings of the corporation over and above 12 ½ per cent of the adjusted declared value of the corporation's capital stock. Because of the provisions of the law, it was of paramount im- 5223

portance to every corporation to place the adjusted
5224 declared value of its stock, for capital stock tax purposes, at a figure which would be:

1—Low enough to avoid the payment of taxes in excess of those warranted by the corporation's earnings; and,

2—High enough to avoid the payment of excess-profits taxes.

As part of the regular service rendered to the company, the Tax Department prepared compre-
5225 hensive and voluminous statements of the earnings of the company in prior years and of its future estimated earnings. These statements were discussed with and submitted to officials of the company for the purpose of assistaing such officials in determining the adjusted declared value to be used for the Capital Stock returns filel by the Company. The company was informed as to what changes should be made in its procedure to give effect to the enactment of the Revenue Act of 1935, which permitted a redeclaration of the Capital Stock value at the option of the taxpayer,
5226 together with an increase in the Capital Stock tax and "Excess Profits" tax rates.

The 1932 and 1933 income tax returns of the company were examined by a representative of the Treasury Department in the New York office. In the course of such eaminations various questions arose and these were discussed with the Government Examiner by members of the Tax Division. A careful check was maintained of the progress

of such examinations and considerable additional information was furnished to the Government Examiner at his request, all of which was compiled by the Tax Division. 5227

Consultation and assistance was furnished the company officials with reference to the preparation or returns and other questions relating to State taxes. In addition to the foregoing, during the month of February 1934 a representative of the Tax Department conferred with company officials in Boise, Idaho and assisted in the preparation of a procedure relative to the allocation of net income arising "within" and "without" the State of Idaho for State of Idaho income tax purposes. 5228

Immediately upon the passage of new Federal tax legislation the Tax Division informed the company thereof, furnishing suggested methods of procedure and currently informed the company of new rulings, regulations and Treasury Department decisions, which affected the company's tax liability.

TREASURY SERVICES

(SEE PAGE 25 EBASCO BOOKLET) 5229

New York Cash books for Idaho Power Company were maintained by the Treasury Department of Electric Bond and Share Company and New York Bank Accounts of Idaho Power Company were operated. Check, received for Idaho Power Company were deposited and checks were drawn and signed, with letter advices of all details forwarded to the office of the Idaho Power Company in Boise. Many Companies require New York exchange in

settlement of accounts. The Treasury Department
5230 received for the account of Idaho Power Company from January 1, 1934 to October 31, 1935 an aggregate of $3,529,587.72 and disbursed for its account the aggregate sum of $3,039,643.18, representing all the funds including payments of interest, dividends, etc., which cleared through the Idaho Power Company's New York Bank Accounts during this period.

The Treasury Department of Electric Bond and Share Company deposited funds semi-annually for the account of Idaho Power Company to meet pay-
5231 ment of coupons on the 5% First Mortgage Thirty Year Gold Bonds issued by Idaho Power Company, which funds from January 1, 1934 to October 31, 1935 aggregated $975,000. In this connection the fees charged by the Paying Agent were at the preferential rates arranged by the Treasury Department. The standard charge by Paying Agents is 5/16th of 1% of the total money disbursed. The Treasury Department after protracted negotiations succeeded in obtaining an agreement with the Paying Agents to a charge of 1/4 of 1% for the first $25,000 deposited, and 1/8 of 1% on the balance, which
5232 rate it is estimated resulted in an annual saving of $750.00 to Idaho Power Company.

Normally the Paying Agent would require in advance the funds to meet payment of taxes to the Government prior to the time such taxes are due, but through arrangements made by the Treasury Department Idaho Power Company was permitted to withhold such funds until actually due.

The payment of cash to the Trustee under the Mortgage securing Idaho Power Company 5% First

Exhibit 91

Mortgage Thirty Year Gold Bonds was made by the Treasury Department for the account of Idaho Power Company from January 1, 1934 to October 31, 1935 in the aggregate amount of $390,000. 5233

The Mortgage securing Idaho Power Company's 5% First Mortgage Thirty Year Gold Bond permits of the withdrawal of funds held by the Trustee to reimburse the Company for payments made on account of additions to property. Withdrawal applications are filed in accordance with the terms of Mortgage and the funds released are received by the Treasury Department. From January 1, 1934 to October 31, 1935 receipts for the account of Idaho Power Company of such funds aggregated $390,000. 5234

The facilities of Electric Bond and Share Company's studies as to the purchase of short term securities and/or bankers acceptances and/or the placing of funds on Certificates of Deposit were available to Idaho Power Company. from January 1, 1934 to October 31, 1935 the Idaho Power Company had surplus funds for investment and the Treasury Department arranged for the investment of $200,000.

The Treasury Department advised with reference to the appointment of Transfer Agents, Registrars and Trustees and under the direction of the officers and Directors of Idaho Power Company handled transactions with them and also arranged the fees to be charged. Due to Electric Bond and Share Company's banking connections and the volume of business handled, this Department succeeded in arranging for minimum fees. 5235

The outstanding bonds of the Idaho Power Company aggregate $13,000,000 principal amount and

the standard fee charged by New York City Banks
5236 and trust companies for acting as Trustee in connection with a Bond issue of this size is usually $750.00 per annum. The Treasury Department arranged for an annual fee of $300.00 thereby saving Idaho Power Company $450.00 annually in Trustees fees. An additional annual saving of $100.00 was effected in fees paid to the Bank for the registration of Bonds.

The standard fee for the cremation of coupons was $10.00 per 1,000 coupons cremated, but the Treasury Department arranged for a fee of $5.00
5237 per 1,000 coupons, thus saving the Idaho Power Company approximately $150.00 annually in fees paid.

Prior to July 31, 1934 the 7% Preferred Stock of Idaho Power Company was transferred and registered in New York City as well as in Boise, Idaho. Dividend checks were forwarded by the Treasury Department to Stockholders residing in the East as shown on the records of the New York Transfer Agent.

The payment of dividends by the Treasury Department involved the drawing, signing and mailing of checks, the handling of correspondence with the
5238 Idaho Power Company office, Transfer Agents and Stockholders, and also the maintenance of all necessary records. An up to date file of addressograph plates reflecting the names and addresses of Stockholders and the payees where dividend orders were filed, was prepared on the addressograph machines and used quarterly in the preparation of dividend checks. The purchase of dividend checks was also arranged for at a special low price.

Exhibit 91

From January 1st to July 31st, 1934 there were 2,276 checks aggregating $794,955.74 disbursed to Stockholders of Idaho Power Company in payment of dividends and it is estimated that approximately $600.00 was saved by this service being performed by the Treasury Department. 5239

The Treasury Department from time to time throughout the period received, held in safe-keeping in its safe deposit vault, collected interest on and delivered securities owned by Idaho Power Company, in accordance with instructions of its officers.

STATISTICAL SERVICES

5240

(SEE PAGE 26 EBASCO BOOKLET)

During the period in question the Statistical Department of Electric Bond and Share Company maintained a file of extensive current and historical reference records gathered from many sources and which were available to the client companies for use in answering queries covering a wide range of activities. This department was prepared to advise, assist and cooperate with the client companies in furnishing all of the services relating to statistics and reports covered by the general supervision fee. 5241

This department upon request of the Company co-operated in the compilation of annual reports to stockholders of Idaho Power Company. This service included co-operation and assistance in drafting an informative letter to stockholders reviewing important aspects of the Company's affairs, and the careful scrutiny necessary to assure accuracy in the preparation of the report for printing.

This department also assisted the Company in

preparing statements of income and balance sheets,
5242 as well as annual reports to stockholders of Idaho Power Company and aided in the preparation of statements of the income of Idaho Power Company for distribution monthly to interested parties.

This department assisted in revising and, to provide greater assurance of accuracy, also in editing at least once a year upon request the statements containing miscellaneous corporate, financial and operating data regarding Idaho Power Company carried by Moody's Manual, Poor's Manual, Fitch Bond Book, Fitch Manual, Standard Statistics Company Services, the Commercial & Financial
5243 Chronicle and other manuals, annual reviews and handbooks.

This department from time to time upon request assisted the Company in making available to representatives of Dun and Bradstreet (commercial credit agency) financial and corporate data relating to Idaho Power Company.

This department co-operated with the Company in preparing answers to lengthy questionnaires supplied by insurance companies requesting detailed financial and operating data regarding Idaho Power Company. The questionnaires covering 1933 operations were supplied during 1934 at their request to 20 insurance companies and 27 other organizations consisting principally of institutional investors and investment counsel. The questionnaires covering 1934 operations were requested by and made available to 20 insurance companies and 26 other organizations consisting principally of institutional investors and investment counsel.

5244

This department co-operated with the Company

in preparing data which was requested each year by the New York State Banking Department in order that the latter might determine whether the First Mortgage Bonds of the Idaho Power Company would qualify to remain on the list of securities that were legal investments for New York State savings bank funds. 5245

This department co-operated with the Company in preparing data, in response to many requests made by letter, by telephone and in person, for miscellaneous information concerning Idaho Power Company. Numerous studies have been made and a large amount of research was required to secure the data necessary to answer such queries. 5246

This department co-operated with Idaho Power Company in furnishing to the United States Bureau of the Census at its request certain data which was subsequently published in government report form.

This department upon request of officials of Idaho Power Company secured technical publications at a reduced rate through discount arrangements.

A great many technical, financial and economic publications, manuals, financial services, newspapers, etc., were kept by this department for reference, and articles of interest and usefulness were called to the attention of managers of client companies by this department as well as by other departments. These publications were frequently referred to in studies and research undertaken at the request of client companies. On many occasions these services were used, directly or indirectly, for the benefit of Idaho Power Company. 5247

Exhibit 91

INSURANCE SERVICES

5248 (SEE PAGE 26 EBASCO BOOKLET)

The Electric Bond and Share Company has a plan known as the Ebasco fire insurance plan. During the period in question the Insurance Department of the Electric Bond and Share Company, through its specialized insurance engineers, made a complete survey under this plan of all insurable properties of Idaho Power Company. The first step in this survey consisted of visiting the insurable property and making a complete insurance tabulation thereof. This was necessary in establishing in-
5249 surance values and applying rates. Then a complete analysis was made of each rate. The client company's Engineering Department was then consulted as to the individual insurance valuations applicable to each item. When all of this information had been obtained and tabulated, a representative of the Electric Bond and Share Company went before the rating bureau having jurisdiction over fire insurance rates in that particular territory and went over each fire insurance rate with the bureau. As fire insurance rates are largely built up by
5250 applying various charges for non-standard conditions, and as there are always at least two ways of interpreting these charges, the Electric Bond and Share Company Insurance Department has been successful in reducing fire insurance rates from 30% to 50% by this plan of fire insurance survey.

After the rate question had been settled, the Electric Bond and Share Company Insurance Department made a complete analysis of the coverage and the peculiarities of the particular risks and

endeavored to draw a form which would give the broadest coverage obtainable. This was brought about by securing the approval of a blanket schedule form by the various Fire Insurance Form Committees. This form has numerous advantages over the old individual schedule form of coverage. 5251

In casualty insurance, the situation is somewhat different. Considerable reductions have been effected in rates, and coverage has been greatly broadened by combining individual risks under a large blanket policy. This was brought about by combining individual risks of the Electric Bond and Share client companies under a large blanket policy that extends its coverage all over the United States. It was natural that by this distribution of risk and combined purchasing power rates were reduced and coverage improved. The Electric Bond and Share Company Insurance Department has, therefore, arranged blanket master policies covering automobile public liability and property damage, automobile fire and theft, burglary insurance, check alteration and forgery insurance, boiler insurance, group life insurance and group accident and health insurance, as well as numerous excess blanket contracts. These contracts were all written at rates lower than could possibly be obtained under individual policy contracts and participation in any or all of these contracts was available to client companies. By accepting coverage under these blanket master contracts an Electric Bond and Share client company was able materially to reduce its insurance costs for these various forms of insurance protection. 5252 5253

Exhibit 91

5254 The following shows the savings to the Idaho Power Company due to services rendered by the Electric Bond and Share Company's Insurance Department. These savings do not take into consideration improved coverages, elimination of unnecessary or over-lapping coverages, nor many added benefits, but only reflect the actual premium reductions on blanket contracts and insurance handled by the Electric Bond and Share Company's Insurance Department for the calendar year 1934 and the ten months of 1935, and further, does not include any savings effected as advisers in connection with insurance placed locally.

5255

Fire Insurance	$16,690.95 *
Depositor's Forgery Bond or Check Alteration and Forgery	158.10
Group Life Insurance	4,367.00
Fidelity Bond	3,141.85
Riot, Strike and Civil Commotion Insurance, including Full Explosion and Malicious Damage	11,000.00
	$35,357.90

5256 * This savings is for a three year period, but will reflect in all future surveys and check ups under the EBASCO fire insurance plan.

The survey and inspection of the properties of Idaho Power Company by the Insurance Department of Electric Bond and Share Company in 1935 resulted in a reduction in the average annual rate from .7454 to .4925 and the savings to Idaho Power Company as a result of this inspection and

survey (coverage three year period) was $16,690.95 and the following survey report gives a complete detailed analysis of just how this saving was brought about: 5257

"Idaho Power Company

Savings Report—1935 Survey

The following total savings were made available to the Idaho Power Company as a result of fire insurance survey made for this company during the months of August and September 1935: 5258

"A" Total Actual Cash Reduction in 3-Year Term Premium due to Survey ..... $ 9,410.49

"B" Total Actual Cash Reduction in 3-Year Premium Plus Additional 3-Year Saving due to Increased Coverage at no Increased Cost $16,690.95

For a complete explanation of the above figures see analysis below: 5259

Exhibit 91

(1) COST OF INSURANCE ON IDAHO AND OREGON PROPERTIES PRIOR TO SURVEY

5260

Idaho Specific Coverage

(a)

Coverages	*Amount*	*3-Year Rates*	*3-Year Premium*
Power Stations Schedule	$2,048,900	.43	$ 8,810.27
General Bldgs. Schedule (West)	714,390	.749	5,350.79
General Bldgs. Schedule (East)	458,180	.716	3,280.57
Miscellaneous Schedule	25,475	3.84	978.24
Upper Salmon Farm Bldg. (Owsley)	5,020	2.70/3.60	153.72
Upper Salmon Farm Bldg. (Volder)	3,880	2.70/3.60	121.68
5261 Upper Salmon Const. Schedule	2,310	6.60	145.53
General Stores Materials	155,000	2.76	42,278.00
Am. Falls Stores Materials	1,500	4.74	71.10
Retail Stores and Offices (Salmon)	1,350	3.36	45.36
General Schedule (Salmon)	84,570	2.59	2,190.36
Totals	$3,500,575	.7263 (Averaged)	$25,425.62

Oregon Specific Coverage

(b)

5262 *Coverages*	*Amount*	*3-Year Rates*	*3-Year Premium*
General Schedule	$ 221,210	.706	$ 1,561.74
Stores and Materials	8,200	An. 2.222/2.50	556.77
Dwelling—Ontario	2,200	1.00	22.00
Dwelling—#091 Copperfield	1,400	3.60	50.40
Dwelling—#092 Copperfield	3,000	3.60	108.00
Dwelling—#093 Copperfield	4,050	2.40/3.40	103.20
Dwelling—Huntington	2,360	1.80/3.30	44.88
Dwelling—Rabinette	2,240	2.50/3.40	59.60
Totals	$ 244,660	1.026 (Averaged)	$ 2,506.59

Exhibit 91

Summary

5263

	Amount	*3-Year Averaged Rate*	*3-Year Premium*
o Specific Coverage	$3,500,575	.7263	$25,425.62
gon Specific Coverage	244,660	1.026	2,506.59
Totals	$3,745,235	.7454	$27,932.21

(Averaged)

5264

5265

Exhibit 91

(2)

5266 COST OF FIRE AND INHERENT EXPLOSION INSURANCE ON IDAHO AND OREGON PROPERTIES SUBSEQUENT TO SURVEY

Coverages	*Amount*	*3-Year Rate*	*3-Year Premium*
Idaho Blanket Coverage	$3,490,000	.4748	$16,570.52
Oregon Blanket Coverage	271,000	.7200	1,951.20
Totals	$3,761,000	.4925	$18,521.72

5267 (3)

COMPARISON OF TOTAL COST OF FIRE INSURANCE ON IDAHO AND OREGON PROPERTIES PRIOR TO SURVEY WITH TOTAL COST SUBSEQUENT TO SURVEY

(a)

Idaho

	Amount	*3-Year Rate*	*3-Year Premium*
Prior to Survey	$3,500,575	.7263	$25,425.62
5268 Subsequent to Survey	3,490,000	.4748	16,570.52
		Net Actual Cash Reduction in Premium	
Net Actual Decrease in Amount	$ 10,575	$ 8,855.10	$ 8,855.10

Exhibit 91

(b)

5269

	Oregon Amount	*3-Year Rate*	*3-Year Premium*
Prior to Survey	$ 244,660	1.026	$ 2,506.59
Subsequent to Survey	271,000	.720	1,951.20
		Net Actual Cash Reduction in Premium	
Net Actual Increase in Amount	$ 26,340	$ 555.39	$ 555.39

(See "A" first sheet)

5270

TOTAL NET ACTUAL CASH REDUCTION IN PREMIUM, IDAHO AND OREGON ... $ 9,410.49

(4)

ADDITIONAL SAVINGS NOT REFLECTED IN THE ABOVE FIGURE

5271

(a) **The net actual decrease of $10,575 on Idaho properties shown under 3a above would have cost $10575 x .7263 (old average rate) or $76.81. The net actual increase of $26,340 on Oregon properties shown under 3b above would have cost $26,340 x (1.026—.720) or $80.60. The addition of these two items shows an amount of $157.41 which is absorbed in premiums shown above for revised coverage and therefore represents an additional saving of ..... $ 157.41**

5272 (b) An additional saving made and absorbed in premium figures shown for total coverage subsequent to survey is cost of placing a new inherent explosion coverage under the blanket contract form on $1,117,200 of outdoor equipment at .005 annual or .005 x 2 ½ or .0125 for three year term, or $1,117,200 x .0125 or additional saving of ..... $ 139.65

5273 (c) Prior to the survey the insurance on Idaho and Oregon properties was placed under nineteen separate specific coverages with 80% coinsurance requirements to value and under best conditions only 80% of any loss could be collected. During the course of the survey approval was obtained from the Bureaus having jurisdiction for the use

5274 of the Ebasco standard blanket contract form which gives a 100% collectible coverage on any loss with premiums paid on a 90% to value amount. By a complete insurance revaluation of the properties the coverage on a 100% collectible basis was placed at the premium shown under (2) above and the

Exhibit 91

Idaho Power Company now has 20% additional collectible coverage at no additional cost. This represents an additional saving on Oregon coverage of $244,660 divided by 80 x 100 less $244,660 equals $61,140 x 1.026 (old average rate) or $627.30 and on Idaho coverage of $3,500,575 divided by 80 x 100 less $3,500,575 equals $875,143 x .7263 (old average rate) or $6,356.10. These two figures for Oregon and Idaho when added together show an additional saving over-all of ..... $ 6,983.40

5275

5276

(See "B" first sheet) TOTAL SAVING $16,690.95

The foregoing is intended to give a complete explanatory analysis of the total savings accomplished by the 1935 survey of properties of the Idaho Power Company. These savings are the results of the combined efforts of this Department and the local insurance department headed by Mr. E. C. Kiersted. It is only through the complete cooperation of this department and the client company insurance department that these further economies in insurance costs are possible.

5277

The total cost of this department to the Idaho Power Company in having this survey made was the pro rata part of traveling expenses of the engineer who made the survey along with other

work in the same territory, which amounted to
5278 $717.03. This expense cost, when compared with the total saving accomplished shows the very practical advantage of the present Electric Bond and Share Company insurance plan."

Check alteration and forgery insurance, known as depositor's forgery bond coverage, is carried by the majority of corporations. The method used in determining premiums for this form of insurance protection is such as to produce a large savings by combining individual insurance coverages of this type under a blanket contract. This
5279 is brought about by the main location, or the location upon which the maximum coverage is carried under a policy, being written at a rate equal to five times the rate charged for all other locations. There can only be one main location under any contract and this accounts for the large savings by combining this coverage and including same under a blanket contract.

The Insurance Department of Electric Bond and Share Company negotiated for and completed a blanket depositor's forgery coverage, under which client companies, if they desire so to do, now se-
5280 cure this insurance protection at a cost of from 50% to 80% of what it would cost, or has cost, in the past to buy this coverage under an individual policy.

In addition to the savings in premium effected by including coverage under this blanket contract, the coverage granted under the blanket contract has been extended so that it is much broader in its scope than the coverage granted under individual policies covering this protection.

Exhibit 91

Idaho Power Company has included its depositors forgery coverage under the blanket contract since March 1, 1930. The new blanket depositors forgery bond, written for a three-year period, was effective December 7, 1934, so that the savings made under this contract all accrued to the benefit of Idaho Power Company during the year 1934 and the actual premium paid by Idaho Power Company under this blanket contract was $31.88, as against a manual premium of $189.98, which is the premium that Idaho Power Company would have paid had they provided this coverage for themselves on an individual basis, or a savings by participating under the blanket contract provided by Electric Bond and Share Company of $158.10. 5281 5283

On January 1, 1927, the Electric Bond and Share Company inaugurated a blanket master group life insurance contract, under which any associated company might be included at any time that they so desired.

The Idaho Power Company inaugurated a group life insurance plan for the employees of their company as of December, 15, 1927 and such plan was included under the Ebasco master group life insurance contract and has been continued under the blanket group life insurance contract subsequent to that date. For the year 1934 the actual average of the Idaho Power Company individuals included under this group life insurance plan was $1.20 per $1,000 of insurance per month, whereas the rate actually paid by the Idaho Power Company as a participant under the blanket group life insurance contract was $.99 per $1,000 of insurance per month. Again, for the year 1935 the 5283

actual average rate of the Idaho Power Company
5284 individuals included under this group life insurance plan was $1.26 per $1,000 of insurance, whereas the actual rate paid by the Idaho Power Company as a participant under the blanket group life insurance contract was $1.01. On a basis of the expenditure under the group life insurance plan of Idaho Power Company for the year 1934 and the ten months of 1935 of approximately $870,000, the savings to Idaho Power Company by including their group life insurance plan under this blanket contract, made available to its client companies
5285 by the Insurance Department of Electric Bond and Share Company, was approximately $4,367.

In reviewing rates and premiums and actual experience under the various fidelity bonds carried by client companies, the Electric Bond and Share Company's Insurance Department found that the majority of companies were paying a rate of from $.20 to $.35 per $100 of coverage and that the actual experience over a period of about ten years did not warrant any such premium rate for this form of insurance protection. As a result thereof, it entered into negotiations with the Towner Rating
5286 Bureau, which organization has jurisdiction over all rates, rules and regulations in connection with this form of insurance coverage and was successful in having the Bureau approve a new schedule of rates applicable to all client companies and the Electric Bond and Share Company's Insurance Department was able to have the fidelity rates of all fidelity bonds carried by such client companies reduced to $.10 per $100 of insurance. This reduction in rate became effective March 8, 1929

and meant a reduction in the cost of primary fidelity bond coverage for each client company of at least 33-1/3%. 5287

This reduction in rate remained in force until the latter part of 1933, when the Towner Rating Bureau began to promulgate higher rates for the majority of the client companies and in view of this trend of increased rates resulting in increased premium costs for this form of insurance protection, although the experience of an over-all basis did not warrant any increase in rates, the Insurance Department of the Electric Bond and Share Company decided that if we were to secure any relief from fidelity rates, that same would have to be secured outside of the jurisdiction of the Towner Rating Bureau and with this in mind they negotiated for a blanket fidelity coverage, which they were successful in completing. 5288

This bond automatically covers all employees of a client company participating thereunder and eliminates a great deal of detail work, as it is not necessary to report any changes in personnel and the cost for this blanket fidelity coverage is considerably less than the standard manual premium for this form of insurance protection as promulgated by the Towner Rating Bureau. 5289

The Idaho Power Company included its fidelity coverage under this blanket contract made available by the Insurance Department of Electric Bond and Share Company as of August 1, 1934. Had this coverage been placed in accordance with manual rules and regulations, the premium for the years 1934 and 1935 would have been $4,377.80, whereas the premium during this period as a par-

ticipant under the blanket contract made avail-
5290 able by the Insurance Department of Electric Bond and Share Company actually paid by Idaho Power Company was $1,236, or a savings to Idaho Power Company as a participant under this blanket insurance plan of $3,141.85.

About three years ago, in view of general conditions and to meet the demand of client companies for protection against the possibility of loss from riot, strike or civil commotion, the Insurance Department of Electrc Bond and Share Company negotiated for a blanket coverage of this
5291 type and were successful in securing a blanket coverage that extended complete riot, strike and civil commotion insurance, including full explosion and malicious damage.

This coverage is written on an annual basis and extends coverage against all direct loss or damage caused by riot, riot attending strike, insurrection, civil commotion, sabotage, vandalism and/or malicious intent, whether or not incident to a riot, insurrection, civil commition or explosion, explosion directly caused by any of the foregoing, explosion occurring from causes other than above
5292 described.

The coverage is extended in an amount of $1,000,000 excess of $1,000 to each client company and is full blanket coverage without any coinsurance provision and includes all property, excluding only poles and lines. This coverage is written on a non-cancellable contract and contains provisions heretofore unobtainable in insurance contracts of this type. In fact, this blanket coverage could not be obtained by an individual client company

except as a participant under this blanket contract made possible by Electric Bond and Share Company. 5293

The premium charged for participating in this coverage is very nominal. As an example, the manual annual premium for coverage of this type to Idaho Power Company on an individual coverage would be approximately $6,500, whereas their annual cost for this coverage as a participant under the blanket contract is only $500, thereby saving them approximately $6,000 a year in premium costs for insurance of this type and, in addition, the provisions of the blanket contract are much more liberal than could possibly be obtained under an individual policy. 5294

The savings to Idaho Power Company as a participant under this blanket contract for the year 1934 and the ten months of 1935 was approximately $11,000 and in addition, they have a much more liberal coverage than could possibly be obtained otherwise.

PURCHASING SERVICES

(SEE PAGE 26 EBASCO BOOKLET)

5295

The services rendered by the Purchasing Department of Electric Bond and Share Company to Idaho Power Company during the period in question consisted of the following:

Purchases totaling $53,485.00 were made in connection with the replacement of the hydraulic turbines at the lower Salmon Development and purchases totaling $278,911.00 were made in connec-

tion with the hydraulic turbine installation at the
5296 Twin Falls Development. In addition to the actual purchase of equipment and materials the Purchasing Department expedited the factory production and provided factory inspection when necessary; it routed and classified all shipments and checked and approved all invoices for the materials which it purchased.

Direct purchases were made by Idaho Power Company from suppliers under agreements providing for billing and quantity discounts which agreements were negotiated by Electric Bond and
5297 Share Company for the benefit of Idaho Power Company and all its other client companies having service relations with Electric Bond and Share Company. During the year 1934 the total of such purchases amounted to $132,310.00. Discounts were secured on these purchases by Idaho Power Company in the amount of approximately $5,701.00. Complete information with respect to such purchases during the first ten months of 1935 will not be at hand until early in 1936 when reports of all client companies will be received. However, from such figures as are available and assuming
5298 that the purchases and discounts will be no greater than those of 1934, the total purchases made and the additional discounts earned will approximate $99,400.00 and $5,010.00 respectively. The figure representing the total purchases made direct during the period January 1, 1934 to October 31, 1935 would therefore be approximately $231,710.00 and the savings which accrued to Idaho Power Company on these purchases would be $10,711.00. Idaho Power Company made other purchases direct

Exhibit 91

on which it secured larger billing discounts than it would otherwise have obtained on its own volume of purchases due to the recognized purchasing power of Electric Bond and Share Company and its client companies. No record of these purchases, however, is available in the Purchasing Department. 5299

Assistance was given Idaho Power Company in disposing of its surplus equipment by listing this equipment in the Apparatus Exchange Stock Summary which was distributed among several hundred utility companies and second-hand dealers.

5300

5301

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Vol. VI

TRANSCRIPT OF RECORD

85796
Ct. D. C.

Supreme Court of the United States

OCTOBER TERM, 1937

No. 636

ELECTRIC BOND AND SHARE COMPANY, AMERICAN GAS AND ELECTRIC COMPANY AND AMERICAN POWER & LIGHT COMPANY, ET AL., PETITIONERS,

vs.

SECURITIES AND EXCHANGE COMMISSION, HOMER S. CUMMINGS, INDIVIDUALLY AND AS ATTORNEY GENERAL OF THE UNITED STATES, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR CERTIORARI FILED DECEMBER 14, 1937.

CERTIORARI GRANTED JANUARY 3, 1938.

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